



# **MBOMBELA LOCAL MUNICIPALITY**

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## **DRAFT 2013/2014 – 2015/2016 ANNUAL BUDGET AND MEDIUM- TERM REVENUE AND EXPENDITURE FRAMEWORK**

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## **ABBREVIATIONS, ACRONYMS AND DEFINITIONS**

**CPI** – Consumer Price Index (Measure of general inflation)

**DORA** – Division of Revenue Act

**DPLG** – Department of Provincial and Local Government

**GDP** - Gross Domestic Product

**GRAP** – Generally Recognised Accounting Practice

**IDP** – Integrated Development Plan

**MBRR** – Municipal Budget and Reporting Regulations (Government Gazette 32141)

**MFMA** – Municipal Finance Management Act (No 56 of 2003)

**MIG** – Municipal Infrastructure Grant

**MPRA** – Municipal Property Rates Act (No 6 of 2004)

**MSA** – Municipal Systems Act (No 32 of 2000)

**MTREF** – Medium-term Revenue and Expenditure Framework

**NERSA** – National Electricity Regulator of South Africa

**NT** – National Treasury

**Operational expenditure** – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance

**Property Rates** – Local Government tax based on assessed valuation of a property

**SDBIP** – Service Delivery and Budget Implementation Plan

**Adjustment Budgets** – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury in terms of the Division of Revenue Act

**Budget** – The financial plan of a municipality

**Capital Expenditure** – Spending on municipal assets such as land, buildings, infrastructure, equipments and vehicles



## **PART 1 – ANNUAL BUDGET**

### **1.1 MAYOR’S REPORT**

The Executive Mayor will table the 2013/2014 budget speech when presenting the final 2013/2014 – 2015/2016 annual budget and medium-term revenue and expenditure framework to the municipal council on 30 May 2013.

### **1.2 COUNCIL RESOLUTIONS**

The municipal council on its special meeting held on 28 March 2013, under item A(2) considered the draft 2013/2014 – 2015/2016 annual budget and medium-term revenue and expenditure framework and resolved that;

- (a) Council take note of the contents of the report;
- (b) The draft budget and medium term revenue and expenditure framework (MTREF) consisting of an operating and capital budget for the 2013/2014 – 2015/2016 financial years, as reflected in the below schedule, be adopted:

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	187,192	197,865	245,816	281,185	280,934	280,934	280,934	305,881	337,153	373,338
Service charges	401,690	485,008	588,159	668,878	663,170	663,170	663,170	729,936	807,033	900,903
Investment revenue	16,390	7,729	8,710	4,019	2,731	2,731	2,731	5,559	6,226	6,973
Transfers recognised - operational	397,738	320,683	375,143	320,607	409,255	409,255	409,255	355,505	401,723	473,323
Other own revenue	613,243	238,252	190,093	484,600	460,857	460,857	460,857	567,532	703,741	687,691
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,616,253</b>	<b>1,249,537</b>	<b>1,407,922</b>	<b>1,759,289</b>	<b>1,816,946</b>	<b>1,816,946</b>	<b>1,816,946</b>	<b>1,964,414</b>	<b>2,255,876</b>	<b>2,442,228</b>
Employment costs	297,223	368,952	392,418	431,400	411,663	411,663	411,663	468,291	523,730	566,630
Remuneration of councillors	15,605	16,952	19,302	20,111	20,911	20,911	20,911	22,061	23,186	24,322
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	291,149	323,798	365,641
Finance charges	18,822	35,870	44,463	42,168	27,592	27,592	27,592	48,339	46,331	51,079
Materials and bulk purchases	211,512	300,328	372,330	420,387	422,945	422,945	422,945	461,094	502,679	547,855
Transfers and grants	—	—	—	—	20,150	20,150	20,150	45,005	47,972	51,061
Other expenditure	560,899	456,150	549,770	500,849	547,055	547,055	547,055	504,806	527,677	562,649
<b>Total Expenditure</b>	<b>1,300,953</b>	<b>1,461,688</b>	<b>1,670,366</b>	<b>1,703,255</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,840,745</b>	<b>1,995,373</b>	<b>2,169,236</b>
<b>Surplus/(Deficit)</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>
Transfers recognised - capital	—	—	—	—	—	—	—	—	—	—
Contributions recognised - capital & contributed	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	853,380	299,529	204,321	541,568	523,096	523,096	523,096	597,286	645,729	739,719
Transfers recognised - capital	584,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Public contributions & donations	15,593	5,143	2,886	4,500	9,346	9,346	9,346	9,000	—	—
Borrowing	130,940	70,140	33,130	137,330	59,971	59,971	59,971	87,541	10,437	81,347
Internally generated funds	122,284	97,287	68,597	78,457	139,117	139,117	139,117	164,545	209,098	268,459
<b>Total sources of capital funds</b>	<b>853,380</b>	<b>301,246</b>	<b>194,948</b>	<b>541,568</b>	<b>523,096</b>	<b>523,096</b>	<b>523,096</b>	<b>597,286</b>	<b>645,729</b>	<b>739,719</b>
<b>Financial position</b>										
Total current assets	271,198	147,130	141,558	217,264	211,570	211,570	211,570	304,322	390,025	510,851
Total non current assets	5,598,191	5,583,796	5,478,023	6,061,789	5,701,544	5,701,544	5,701,544	5,700,273	5,967,011	6,207,742
Total current liabilities	573,033	499,937	587,428	184,593	240,532	240,532	240,532	208,560	203,677	202,145
Total non current liabilities	148,712	329,815	393,423	459,311	336,261	336,261	336,261	388,057	384,063	379,869
Community wealth/Equity	5,147,644	4,901,174	4,638,729	5,635,148	5,336,320	5,336,320	5,336,320	5,407,979	5,769,297	6,136,579
<b>Cash flows</b>										
Net cash from (used) operating	(778,927)	247,384	180,315	400,448	461,107	461,107	461,107	526,771	704,672	766,368
Net cash from (used) investing	163,971	(312,476)	(188,808)	(515,432)	(432,718)	(432,718)	(432,718)	(503,403)	(598,314)	(697,584)
Net cash from (used) financing	(8,437)	137,046	28,511	204,868	51,316	51,316	51,316	72,740	(19,358)	53,131
Cash/cash equivalents at the year end	(56,180)	15,774	35,792	132,301	110,156	110,156	110,156	206,263	293,264	415,179
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	(44,439)	38,370	49,425	151,473	151,156	151,156	151,156	246,046	333,046	454,961
Application of cash and investments	435,010	289,027	406,880	109,764	98,576	98,576	98,576	132,891	130,604	127,120
Balance - surplus (shortfall)	(479,449)	(250,657)	(357,455)	41,709	52,581	52,581	52,581	113,155	202,442	327,841
<b>Asset management</b>										
Asset register summary (WDV)	5,585,390	5,560,509	5,463,757	6,042,617	5,660,544	5,660,544	5,660,491	5,660,491	5,927,229	6,167,960
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	291,149	291,149	323,798	365,641
Renewal of Existing Assets	253,869	67,866	43,869	252,877	234,405	234,405	234,405	328,673	302,840	313,071
Repairs and Maintenance	131,091	132,297	133,564	153,645	153,645	153,645	123,105	123,105	132,310	141,775
<b>Free services</b>										
Cost of Free Basic Services provided	27,813	27,813	27,813	50,764	50,764	50,764	118,881	118,881	126,874	134,951
Revenue cost of free services provided	120,431	120,431	120,431	152,994	152,994	152,994	348,149	348,149	357,223	366,058
<b>Households below minimum service level</b>										
Water:	48	48	48	57	57	57	60	60	63	66
Sanitation/sew erage:	31	31	31	35	35	35	37	37	39	40
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	22	22	22	37	37	37	39	39	41	28

- (c) The draft capital projects expenditure budgets for the 2013/2014 – 2015/2016 financial years (**annexure 564/2013**) as reflected in the table below, be adopted:

MP322 Mbombela - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
COUNCIL		474	-	-	-	3,275	3,275	3,275	-	-	-
OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		91	-	-	4,870	7,532	7,532	7,532	9,200	13,100	13,000
OFFICE OF THE MUNICIPAL MANAGER		1,693	1,777	1,866	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	500	300	400
FINANCIAL SERVICES		697	732	769	9,500	8,200	8,200	8,200	9,450	7,650	7,200
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		1,910	2,006	2,106	5,000	5,323	5,323	5,323	12,690	13,470	8,030
COMMUNITY SERVICES		124,044	47,246	49,608	26,367	26,237	26,237	26,237	36,439	59,522	82,787
MUNICIPAL PLANNING & DEVELOPMENT		33,381	11,050	11,603	17,050	5,424	5,424	5,424	24,890	34,431	67,360
TECHNICAL SERVICES		691,091	238,434	128,997	329,844	333,045	333,045	333,045	265,926	415,184	365,501
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	853,380	301,246	194,948	392,631	389,037	389,037	389,037	359,095	543,657	544,279
<b>Single-year expenditure to be appropriated</b>	2										
COUNCIL		-	-	-	-	-	-	-	-	-	-
OFFICE OF COUNCIL		-	-	-	850	850	850	850	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		-	-	-	-	-	-	-	1,500	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
FINANCIAL SERVICES		-	-	-	200	200	200	200	3,000	-	-
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		-	-	-	1,090	1,090	1,090	1,090	2,500	1,800	2,700
COMMUNITY SERVICES		-	-	-	19,140	19,140	19,140	19,140	11,500	15,000	31,000
MUNICIPAL PLANNING & DEVELOPMENT		-	-	-	13,250	6,736	6,736	6,736	4,000	-	-
TECHNICAL SERVICES		-	-	-	114,407	106,043	106,043	106,043	215,691	85,272	161,740
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	148,937	134,059	134,059	134,059	238,191	102,072	195,440
<b>Total Capital Expenditure - Vote</b>		853,380	301,246	194,948	541,568	523,096	523,096	523,096	597,286	645,729	739,719
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		4,865	9,100	15,172	22,970	23,574	23,574	23,574	22,140	21,120	15,230
Executive and council		2,166	-	-	-	11,800	11,800	11,800	-	-	-
Budget and treasury office		697	2,461	15,172	5,400	4,881	4,881	4,881	9,450	7,650	7,200
Corporate services		2,001	6,639	-	17,570	6,893	6,893	6,893	12,690	13,470	8,030
<i>Community and public safety</i>		124,044	26,103	21,831	46,357	35,841	35,841	35,841	37,839	40,086	42,078
Community and social services		100,736	2,663	16,065	36,380	11,017	11,017	11,017	13,015	14,021	16,013
Sport and recreation		-	13,181	134	6,000	16,283	16,283	16,283	16,283	17,097	17,097
Public safety		23,308	10,259	5,632	3,977	8,541	8,541	8,541	8,541	8,968	8,968
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		97,787	62,605	76,535	214,166	237,481	237,481	237,481	298,820	358,049	316,423
Planning and development		33,381	784	1,373	18,350	11,847	11,847	11,847	12,439	12,439	12,439
Road transport		64,406	61,821	75,162	195,816	225,635	225,635	225,635	286,381	345,610	303,984
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		127,222	201,721	90,783	258,075	226,199	226,199	226,199	238,487	226,474	365,988
Electricity		28,130	58,189	22,536	56,731	47,736	47,736	47,736	40,447	23,354	53,417
Water		99,092	100,226	42,209	130,989	90,131	90,131	90,131	147,240	171,223	244,125
Waste water management		-	-	-	50,755	83,124	83,124	83,124	35,039	6,000	18,150
Waste management		-	43,306	26,039	19,600	5,208	5,208	5,208	15,761	25,897	50,297
<i>Other</i>		499,462	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	853,380	299,529	204,321	541,568	523,096	523,096	523,096	597,286	645,729	739,719
<b>Funded by:</b>											
National Government		578,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Provincial Government		6,000	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	584,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Public contributions & donations	5	15,593	5,143	2,886	4,500	9,346	9,346	9,346	9,000	-	-
Borrowing	6	130,940	70,140	33,130	137,330	59,971	59,971	59,971	87,541	10,437	81,347
Internally generated funds		122,284	97,287	68,597	78,457	139,117	139,117	139,117	164,545	209,098	268,459
<b>Total Capital Funding</b>	7	853,380	301,246	194,948	541,568	523,096	523,096	523,096	597,286	645,729	739,719

- (d) the draft IDP operating projects expenditure budgets for the 2013/2014 – 2015/2016 financial years (**annexure 565/2013**), already provided to councilors under separate cover, summarized per municipal priority as tabulated below, be adopted:

MUNICIPAL PRIORITY	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE	Budget %
Good governance and Public Participation	R 44,116,125	R 45,760,311	R 46,451,552	45%
Intergrated Human Settlements	R 16,922,886	R 16,364,762	R 26,750,699	17%
Waste and Environment Management	R 7,500,000	R 9,480,000	R 8,608,000	8%
Financial management and viability	R 7,320,000	R 8,152,000	R 8,700,000	7%
Economic Development	R 6,244,065	R 6,959,590	R 7,780,743	6%
Revenue Enhancement	R 6,058,000	R 6,822,480	R 4,000,000	6%
Community Development	R 3,100,000	R 4,900,000	R 3,910,000	3%
2010 Legacy	R 1,700,000	R 1,750,000	R 1,800,000	2%
Water supply	R 1,380,000	R 1,010,000	R 550,000	1%
Rural Development	R 1,208,262	R 1,304,923	R 1,172,014	1%
Road Infrastructure development and Stormwater	R 1,000,000	R 1,420,000	R 1,464,000	1%
Sanitation/Sewer	R 805,508	R 850,000	R 922,569	1%
Electricity Supply and Management	R 500,000	R -	R -	1%
<b>Grand Total</b>	<b>R 97,904,846</b>	<b>R 104,864,066</b>	<b>R 112,116,577</b>	<b>100%</b>

- (e) the draft annual budget for the financial year 2013/2014, indicative allocations for the two projected outer years, 2014/2015 and 2015/2016 and the multi- year and single year capital appropriations as set-out in the new budget and reporting regulations **annexure 566/2013** be approved:
- Budgeted Financial Performance (revenue and expenditure by standard classification)
  - Budgeted Financial Performance (revenue and expenditure by municipal vote)
  - Budgeted Financial Performance (revenue by source and expenditure by type)
  - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source;
- (f) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and reporting regulations in the following tables and in **annexure 566/2013**, be approved:
- Budgeted financial position
  - Budgeted cash flows
  - Cash backed reserves and accumulated surplus reconciliation
  - Asset management
  - Basic service delivery measurement;

- (g) in terms of sections 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 06 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be approved for implementation with effect from 1 July 2013:

Description	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Electricity	31.27%	19.0%	20.38%	12.0%	8.0%	8.0%	8.0%
Water	8.0%	7.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Sewer	8.0%	6.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Refuse Removal	9.0%	8.0%	10.0%	10.25%	9.5%	9.75%	9.5%
Property Rates	0.0%	3.0%	5.0%	6.5%	6.5%	6.8%	6.2%
Other tariffs	10.0%	6.0%	10.0%	11.0%	12.0%	12.0%	12.0%
Sembcorp/Silulumanzi Water and Sewerage	10.99%	14.42%	9.74%	10.42%			

- (h) the free basic services package as set out below, be adopted for the medium - term 2013/2014 – 2015/2016 years:

MP322 Mbombela - Table A10 Basic service delivery measurement

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		58	58,014	58,014	72	71,933	71,933	75,530	79,306	83,271
Piped water inside yard (but not in dwelling)		68	68,362	68,362	87	87,331	87,331	91,698	96,282	101,097
Using public tap (at least min.service level)	2	47	46,874	46,874	49	49,217	49,217	51,678	54,262	56,975
Other water supply (at least min.service level)	4	6	6,498	6,498	7	6,823	6,823	7,164	7,522	7,898
<i>Minimum Service Level and Above sub-total</i>		179,748	179,748	179,748	215,304	215,304	215,304	226,069	237,373	249,241
Using public tap (< min.service level)	3	47	46,874	46,874	56	56,387	56,387	59,206	62,167	65,275
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		1	688	688	1	565	565	593	623	654
<i>Below Minimum Service Level sub-total</i>		47,562	47,562	47,562	56,952	56,952	56,952	59,800	62,790	65,929
<b>Total number of households</b>	5	227,310	227,310	227,310	272,256	272,256	272,256	285,869	300,162	315,170
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		59	59,123	59,123	78	77,667	77,667	81,550	85,628	89,909
Flush toilet (with septic tank)		4	4,123	4,123	1	749	749	749	749	749
Chemical toilet		7	7,287	7,287	9	8,731	8,731	9,168	9,626	10,107
Pit toilet (ventilated)		99	99,493	99,493	117	116,705	116,705	122,540	128,667	135,101
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		170,026	170,026	170,026	203,852	203,852	203,852	214,007	224,670	235,866
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		20	19,922	19,922	23	23,202	23,202	24,362	25,580	26,859
No toilet provisions		11	10,814	10,814	12	11,732	11,732	12,319	12,935	13,581
<i>Below Minimum Service Level sub-total</i>		30,736	30,736	30,736	34,934	34,934	34,934	36,681	38,515	40,440
<b>Total number of households</b>	5	200,762	200,762	200,762	238,786	238,786	238,786	250,688	263,185	276,307
<b>Energy:</b>										
Electricity (at least min.service level)		5	5,498	5,498	7	7,077	7,077	7,431	7,802	8,193
Electricity - prepaid (min.service level)		0	178	178	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
<b>Total number of households</b>	5	5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
<b>Refuse:</b>										
Removed at least once a week		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		10	9,744	9,744	15	15,281	15,281	16,045	16,847	17,690
Using communal refuse dump		2	2,121	2,121	7	7,416	7,416	7,787	8,176	8,565
Using own refuse dump		5	5,234	5,234	7	6,804	6,804	7,144	7,501	7,858
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		5	4,500	4,500	8	7,938	7,938	8,335	8,752	9,169
<i>Below Minimum Service Level sub-total</i>		21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	43,242
<b>Total number of households</b>	5	21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	43,242
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Sanitation (free minimum level service)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Electricity/other energy (50kwh per household per month)		6	5,625	5,625	10	10,215	10,215	13,703	13,703	13,703
Refuse (removed at least once a week)		1	1,219	1,219	2	10,215	10,215	13,703	13,703	13,703
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		21,778	21,778	21,778	39,323	39,323	39,323	111,354	118,871	126,472
Sanitation (free sanitation service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		4,500	4,500	4,500	9,271	9,271	9,271	7,528	8,003	8,478
Refuse (removed once a week)		1,535	1,535	1,535	2,170	2,170	2,170	–	–	–
<b>Total cost of FBS provided (minimum social package)</b>		27,813	27,813	27,813	50,764	50,764	50,764	118,881	126,874	134,951
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		3,019	3,019	3,019	4,981	4,981	4,981	5,304	5,649	6,016
Property rates (other exemptions, reductions and rebates)		77,651	77,651	77,651	108,690	108,690	108,690	128,128	136,857	145,325
Water		32,198	32,198	32,198	39,323	39,323	39,323	170,483	170,483	170,483
Sanitation		581	581	581	–	–	–	–	–	–
Electricity/other energy		5,355	5,355	5,355	–	–	–	44,233	44,233	44,233
Refuse		1,627	1,627	1,627	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
<b>Total revenue cost of free services provided (total social package)</b>	6	120,431	120,431	120,431	152,994	152,994	152,994	348,149	357,223	366,058

- (i) it be noted that the draft capital budget for 2013/2014 does not include any projects to be rolled-over from the 2012/2013 financial year;
- (j) the Municipal Manager endeavor to expedite the processing of the application for the borrowing of R150 million submitted to the Development Bank of Southern Africa in June 2012, which funding will be utilized for the upgrade of the Karino bulk water scheme and other capital projects adopted as per recommendation ( c ) above;
- (k) the Municipal Manager engage the Department of Water and Environmental Affairs regarding the Regional Bulk Infrastructure Grant amounting to R35 million allocated for the next two financial years, to be included in the funding of the MEGA bulk water infrastructure implementation programme;
- (l) council resolution A(1)(a) of 1 July 2011 be rescinded to allow the reinstatement and completion of section 78 of the Local Government: Municipal Systems Act, 32 of 2000 feasibility study within three years with regard to water and sanitation services in the eastern areas of Mbombela;
- (m) the Municipal Manager ensures that the appointment of the Mpumalanga Economic Growth Agency (MEGA) as per the Mpumalanga Provincial Executive Committee decision is done in accordance with the Local Government: Municipal Finance Management Act, 56 of 2003 and its Supply Chain Management Regulations;
- (n) Sembcorp/ Silulumanzi be afforded an opportunity to make a presentation to the Mayoral Committee with regard to their proposed increase for the 2013/2014 financial year and a report on the outcome of the presentation be submitted to Council at its next meeting.

### 1.3 EXECUTIVE SUMMARY

The application of sound budget and financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also promulgating its credit control and debt collection policy into a by law.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66 and 67 were used to guide the compilation of the draft 2013/2014 – 2015/2016 annual budget and MTREF. The planning of the budget involved consideration of all factors, which had far reaching implications on the annual budget of the municipality.

The 2013/2014 – 2014/2015 budget and medium-term revenue and expenditure framework was prepared on the basis of the following priorities, guidelines and assumptions

#### 1.3.1 National priorities- Expanding public sector investment infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority and the municipality need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme.

The municipal developmental priorities as tabulated in below are in line with the national and provincial priorities in indicated above;

- (a) Water supply;
- (b) Road infrastructure development and storm water;
- (c) Electricity supply and management;
- (d) Integrated human settlement;
- (e) Good governance and public participation;
- (f) Sanitation/sewerage;
- (g) Community development;
- (h) Rural development;
- (i) Economic development;
- (j) Waste and environment management;
- (k) Financial management and viability;
- (l) Public transport;
- (m) 2010 legacy; and
- (n) Revenue enhancement.



### 1.3.2 Economic outlook and forecasts - headline inflation and gross domestic products forecasts

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2012 to 2015 is expected to be as follows;

Headline inflation forecast over the medium-term

Description	2011 Actual	2012 Estimate	2013 Forecast	2014 Forecast	2015 Forecast
Real GDP Growth	3.1%	2.5%	3.0%	3.6%	3.8%

The consumer price inflation is expected to stay within the 3 to 6 per cent inflation target band over the forecast period. The forecasted headline inflation for medium-term will be as follows;

Description	2011 Actual	2012 Estimate	2013 Forecast	2014 Forecast	2015 Forecast
CPI Inflation	5.6%	5.6%	5.6%	5.4%	5.4%

And therefore the general nominal rate increase on the costs and prices of commodities and services will be as follows in the medium-term (determined using the following International Fischer Effect formula);  
 $(1+rn) = (1+rr)(1+i)-1$

rn = Nominal rate

rr = Real rate

i = Inflation (CPI)

#### Calculation of the general nominal rate increase over the medium-term:

2013/2014 financial year:  $(1+rn) = (1+0.030)(1+0.056) - 1 = 8.77\%$

2014/2015 financial year:  $(1+rn) = (1+0.036)(1+0.054) - 1 = 9.19\%$

2015/2016 financial year:  $(1+rn) = (1+0.038)(1+0.054) - 1 = 9.41\%$

### 1.3.3 Micro or internal environment perspective

Furthermore from a micro or internal environment perspective, the situation in the municipality requires intervention in the following areas as highlighted during the 2012/2013 adjustments budget tabling and this challenges need to be further addressed in the 2013/2014 – 2015/2016 budget and medium-term revenue and expenditure framework;

- Prevalence of unfavourable financial performance results which in the past two financial years has been deficits or losses for 2010/2011 and 2011/2012 respectively have been incurred;
- Improvement of the liquidity (cash) position which has been deteriorating in the past two financial years by putting mechanisms in place that would bring financial stability and sustainability over the medium-term;
- Redesign the services charge tariffs and fees charges to reflect the cost of providing such services to ensure tariffs and fees are fair, equitable and affordable to the user of the services;
- Review and implementation of the revised revenue enhancement strategy which must incorporate the recommendations of the revenue management indaba held in September 2012;
- Re-establish a cash backed capital replacement reserve so that the cost of future renewal and replacement of infrastructure and other assets can be funded from the internal reserve;

- (f) Develop mechanisms for the proper budgeting for repairs and maintenance of the existing infrastructure and other assets;
- (g) Investigate and implement mechanisms of expanding the income base of the municipality taking from the municipal council resolution taken on 31 May 2012 of introducing a flat rate charge in the peri-urban and rural households;
- (h) Redesign of the medium to long-term capital programme funding mix consisting of internal generated funds, grants allocations, borrowings etc.;
- (i) Addressing of bottlenecks with regard to under performance in relation to implementation of capital projects resulting in underspending of budget allocations relative to eradication of services infrastructure backlogs which has been the case in the three financial years;
- (j) Review and re-engineer the supply chain management processes together with the financial delegations and promote transparency to supply chain management processes;
- (k) Strengthen governance and oversight measures to prevent underperformance, and fight fraud and corruption;
- (l) Improve the image of the municipality through sound leadership which must be demonstrated by measures to be put in place to address mismanagement by implementing effective systems to measure, monitor and evaluate performance;
- (m) Institute policies and processes to prevent unauthorised, irregular, and wasteful and fruitless expenditure; and
- (n) The heavy rain experienced since beginning of 2012/2013 financial year causing extensive damages to the municipal infrastructure and local community wellbeing.

### 1.3.4 Revenue enhancement assumptions

#### (a) Grants allocations

The total grants allocated to the municipality in terms of the 2013 Division of Revenue Bill (DoRA) amounts R2 592 billion over the medium-term, reflecting an increase of R702 million (37%) and the total allocation for 2014/2015 budget year is R746 million. The total grant in-kind allocation over the medium-term amounts to R177 million.

The unconditional grants allocation increased by R169 million (16%) to R1 229 billion over the medium-term and the allocation for 2013/2014 budget year amounts to R354 million.

The conditional grants allocation increased by R533 million (64%) to R1 362 billion over the medium-term and the allocation for 2013/2014 budget year amounts to R391 million.

The 2013 DoRA introduces a new grant namely; the Municipal Water Infrastructure Grant to be administered by the Department of Water Affairs. The grant is aimed at accelerating the delivery of clean water to communities that do not have access to basic water services. The grant provides funding for municipalities to plan and implement various projects; including the construction of new infrastructure and the refurbishment and extension of existing water schemes.

#### (b) Revising of rates, tariffs and other charges

When the municipality revise its rates, tariffs and other charges for the 2013/2014 budgets and MTREF, it need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

To ensure the municipality continue to efficiently deliver services, eradicate backlogs in term of services and social infrastructure, maintain, upgrade and renewal of the existing infrastructure as well as ensuring financial stability and long-term sustainability, the increase of rates, tariffs and other charges over the medium-term is proposed to be as follows;

Description	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Electricity	31.27%	19.0%	20.38%	12.0%	8.0%	8.0%	8.0%
Water	8.0%	7.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Sewer	8.0%	6.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Refuse Removal	9.0%	8.0%	10.0%	10.25%	9.5%	9.75%	9.5%
Property Rates	0.0%	3.0%	5.0%	6.5%	6.5%	6.8%	6.2%
Other tariffs	10.0%	6.0%	10.0%	11.0%	12.0%	12.0%	12.0%
Sembcorp/Silulumanzi Water and Sewerage	10.99%	14.42%	9.74%	10.42%			

The average increase on rates and service charge tariffs for 2013/2014 will be 8.0% and 8.02%% over the medium-term.

(i) Eskom bulk tariff increases

The Eskom price of bulk electricity supplied to municipalities will increase by 9% per cent on 1 July 2013. The municipality needs to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

(ii) Water and sanitation tariffs must be cost-reflective

We need to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – including the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and
- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014, as prescribed in MFMA Circular 58.

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels.

## (iii) Solid waste tariffs

The municipality should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015, as prescribed in MFMA Circular 58. The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

## (iv) The ability of the municipality to collect revenue

The payment level trend for the past three years and the forecast for the next mid-term, including current financial year estimate is as follows;

Description	Actual 2009/10	Actual 2010/11	Actual 2011/12	Estimate 2012/13	Estimate 2013/14	Forecast 2014/15	Forecast 2015/16
Payment Levels	85%	97%	90%	93%	93%	93%	94%

The set target for collection of revenue over the medium-term on current account for rates and services charge is as outlined on the table above and the collection on outstanding debt is an average of 12% per annum or 1% per month.

### 1.3.5 Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 6.1% in 2013/14, 9% in 2013/14, 8.4% in 2014/15 and 8.9% in 2015/16 with an exception of key cost or expenditure drivers stated on the table below;

DESCRIPTION	% ADJUSTMENT
Salaries, Wages And Allowances	<ul style="list-style-type: none"> <li>6.95% increase during 2013/14 and 3.8% of the increase on employees cost is allocated for critical vacant posts.</li> <li>6.5% general increase during 2014/15 and 5.3% of the increase on employees cost is allocated for critical vacant posts.</li> <li>6.4% increase during 2014/15 and 2.3% of the increase on employees cost is allocated for critical vacant posts.</li> <li>The above increases are in line with the Wage Collective agreement for 2012 – 2015.</li> </ul>
Remuneration of Councilors	5.6%, 5.4% and 5.4% increases for 2013/14, 2014/15 and 2015/16 financial year respectively.
General Expenditure: Bulk Purchase	NERSA has given Eskom increase of 9% over the medium-term.
General Expenditure	5.7% average increase over the medium-term.
Interest on external loan	Will depend on the funding model council will approve for the financing of capital expenditure over the next five years.
Contracted services	7.3% average increase over the medium-term.
Other Materials	8.2% average increase over the medium-term
Provision for doubtful debts	7% Provision for doubtful debts on rates and services

	charge in line with the projected payment level.
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### 1.3.6 Capital expenditure over the medium-term

The funding of the capital expenditure will be sourced from conditional grants allocations, external loans (borrowings) and internal reserves. The availability of the internal reserves will largely depend on the collection of outstanding debts over the medium-term.

The leverage of financial pressure or burden of the current ratepayers and users of municipal services will have to be considered so that the cost of infrastructure development and renewal should be evenly spread to future ratepayers and users of the municipal services and not burden the current ratepayers and user of municipal services with huge tariff increases as it is not sustainable.

And therefore there is a need to consider during the medium-term of funding part of the municipal infrastructure development programme through long-term borrowings. The funds to be obtained from these sources should be earmarked for new, upgrade, refurbishment, replacement and renewal of revenue generating infrastructure so that the municipality is able to generate sufficient revenue to service and repay the loans when they become due.

Capital Expenditure Funding Comparison:			2013/14	2014/15	2015/16
No Borrowing			R 467,165,810	R 595,541,745	R 542,880,530
Borrowing			R 570,272,518	R 645,472,316	R 739,718,787
Additional - Borrowing Option			-R 103,106,708	-R 49,930,571	-R 196,838,257

### 1.3.7 Financial Indicators

Financial Indicators:	Norms	2012/13	2013/14	2014/15	2015/16
Employees Cost (% to Total revenue less conditional grants revenue)	<30%	29%	30%	30%	29%
Finance Charges (% to Total operating expenditure)	5%-15%	2%	2%	2%	2%
Repairs and Maintenance (% to Total PPE)	>5%	3%	3%	3%	3%
Repairs and Maintenance (% to Total Operating Expenditure)	>8%	9%	9%	9%	9%
Non Current Liabilities to Total Operating Revenue %	<45%	18%	16%	14%	12%
Total Debt to Total Operating Revenue (less conditional grants)	<45%	40%	45%	43%	45%
Debt Payment Service Costs to Revenue (less conditional grants)	5%-15%	4%	3%	3%	2%

### 1.3.8 Provision of free basic services provision to the indigent households

The Indigent Policy of the municipality as approved by Council in 2003 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy is being reviewed to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs on an annual basis

The following assumptions were also taken into consideration towards the provision of free basic services;

- (a) Reducing the impact of poverty through free basic service provision;

- (b) Protecting the poor from the harsh economic realities; and
- (c) Expansion of the current free basic services provision by providing Free Alternative Basic Energy.

The municipality will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R80 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

#### **1.4 Renewal, Repairs and Maintenance of existing assets in accordance with MFMA circular 66**

The allocation of funds in the budget for renewal of existing assets should not be less than 40 per cent of the capital expenditure budget in order to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan.

The allocation of funds for repairs and maintenance on the operating expenditure budget should not be less than 8 per cent of the budget.

#### **1.5 Elimination of non- priority spending in accordance with MFMA circular 66**

Measures should be put in to control of unnecessary spending on nice to have items and non-essential activities. The following examples of non-priority expenditure need to be eliminated:

- (a) Excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
- (b) Public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- (c) LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- (d) Excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- (e) Arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- (f) Excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- (g) Excessive luxurious office accommodation and office furnishings;
- (h) Foreign travel by mayors, councillors and officials, particularly 'study tours';
- (i) Excessive councillors and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7 (1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
- (j) Excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';

- (k) All donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- (l) Costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
- (m) The use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.

## **1.6 Six key financial strategies to turnaround financial situation**

The six financial strategies to turnaround the financial situation of the municipality to need to be finalise through a thorough consultative process to be undertaken between March and May 2013 in order to be ready for implementation on 01 July 2013.

The strategies as adopted by council on 28 February 2013 are as follows;

- (a) Revenue enhancement strategy – It entails implementation of mechanisms that will address and perfect the bottlenecks and weaknesses on the revenue management value chain in order to enhance revenue collection.
- (b) Cash management model – It entails implementation of a model that will manage cashflow to narrow or completely close cashflow gaps most often created by lagging behind of cash inflows from outflows.
- (c) Cost management strategy – It entails implementation of processes and systems to identify, allocate, control and manage key cost drivers linked to primary activities (water, sanitation, electricity, waste management, roads and stormwater, and parks and recreational facilities). And ensure all tariffs and fees for services charge (water, sanitation, electricity and waste management) are cost-reflective.
- (d) Development levy strategy – It entails implementation of a proportional flat rate levy system that will provide the municipality with a new revenue stream.
- (e) Asset management model – It entails implementation of a model that will provide the bases for determination of funds that should be set aside on an annual basis for the building of cash reserves (Capital replacement reserve) over a period of ten years for the renewal and replacement of redundant infrastructure and other assets such as motor vehicles, trucks etc. And it will also assist with the allocation of funds on the annual budget for the repairs and maintenance, renewal and replacement of assets.
- (f) Borrowing Strategy – It entails implementation of capital programme funding mix and leveraging of the funding of capital expenditure from grants and internal generated reserves by sourcing funding from financiers such as commercial banks, development financing institutions etc. With the intention to ensure fast tracking of implementation of infrastructure development programmes as well as to ensure affordability of rates and tariff charges, and to achieve a financial sustainability over a long run.

## 2. OPERATING REVENUE FRAMEWORK

The operating revenue framework over the medium-term will be as tabulated below;

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Revenue By Source											
Property rates	2	187,192	197,865	245,816	281,185	280,934	280,934	280,934	305,881	337,153	373,338
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	328,997	400,935	494,837	565,108	561,001	561,001	561,001	615,726	679,984	759,052
Service charges - water revenue	2	18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,570	34,824	38,506
Service charges - sanitation revenue	2	12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,364	19,169	21,218
Service charges - refuse revenue	2	41,861	45,782	52,745	57,813	58,843	58,843	58,843	65,277	73,057	82,127
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		1,412	26,496	16,431	19,441	16,538	16,538	16,538	18,523	20,746	23,235
Interest earned - external investments		16,390	7,729	8,710	4,019	2,731	2,731	2,731	5,559	6,226	6,973
Interest earned - outstanding debtors		24,027	18,625	19,309	18,954	22,095	22,095	22,095	24,747	27,716	31,042
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		3,023	3,079	2,982	3,742	3,198	3,198	3,198	3,582	4,012	4,493
Licences and permits	9	7	7	6	5,299	138	138	138	44	50	56
Agency services		20,137	20,663	22,676	87,272	87,537	87,537	87,537	106,653	119,452	133,786
Transfers recognised - operational		397,738	320,683	375,143	320,607	409,255	409,255	409,255	355,505	401,723	473,323
Other revenue	2	564,371	164,256	128,689	349,893	330,536	330,536	330,536	411,483	530,366	493,511
Gains on disposal of PPE		263	5,126	–	–	814	814	814	2,500	1,400	1,568
Total Revenue (excluding capital transfers and contributions)		1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	1,816,946	1,964,414	2,255,876	2,442,228

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The municipality will receive most of its revenue from service charge (electricity, water, sewerage and refuse removal services) amounting to R730 million indicating an increase of R67 million (9.8%) in 2013/2014 financial year and increases to R901 million over the medium-term. The revenue from electricity service charge remains relatively high at R616 million (31%) of the total operating revenue budget and other services charge contributes 5.8%.

The revenue from property rates will amount to R306 million after taking into account rates rebates in terms of the rates policy amounting to R133 million in 2013/2014 financial year and increases to R373 million over the medium-term. The property rates revenue contributes about 16% of the total operating revenue budget.

Operating grants allocation comprising of equitable share and other small grants contributes 18% to the total operating revenue budget and will amount to R356 million in 2012/2013 financial year.

Revenue to be recognised from conditional grants after the grants have been utilized for the intended purpose will amount to R391 million, contributing 20% to the total operating revenue budget.



The following table gives a breakdown of the various operating and capital grants and subsidies and in-kind-allocations to the municipality over the medium term:

MBOMBELA LOCAL MUNICIPALITY	Actual	Actual	Actual	Actual	Actual	Estimate	Forecast	Forecast
GRANT	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
<b>OPERATING GRANT</b>								
Equitable Share	151,160,410	198,405,906	247,674,576	282,081,000	312,298,000	342,190,000	388,559,000	460,251,000
Municipal Systems Improvement Grant (MSIG)	735,000	1,300,000	750,000	790,000	800,000	890,000	934,000	967,000
Financial Management Grant (FMG)	500,000	750,000	1,000,000	1,250,000	1,500,000	1,550,000	1,600,000	1,650,000
Water Service Operating Grant	26,548,000	33,146,000	15,207,000	14,650,000	6,009,000	9,180,000	10,630,000	10,455,000
<b>TOTAL OPERATIONAL ALLOCATION</b>	<b>178,943,410</b>	<b>233,601,906</b>	<b>264,631,576</b>	<b>298,771,000</b>	<b>320,607,000</b>	<b>353,810,000</b>	<b>401,723,000</b>	<b>473,323,000</b>
<b>Growth (%)</b>		<b>31%</b>	<b>13%</b>	<b>13%</b>	<b>7%</b>	<b>10%</b>	<b>14%</b>	<b>18%</b>
<b>CAPITAL GRANTS</b>								
Municipal Infrastructure Grant (MIG)	62,212,000	136,093,000	127,087,000	155,031,000	188,062,000	241,164,000	286,275,000	310,268,000
Municipal Water Infrastructure Grant (MWIG)						7,660,000	19,151,000	38,302,000
Neighbourhood Development Partnership Grant	-	8,976,000	3,500,000	-	-	5,000,000	-	-
Public Transport Infrastructure and Systems Grant	170,544,000	50,833,000	105,000,000	45,000,000	98,703,000	123,762,000	195,191,000	100,217,000
Integrated National Electrification Programme	49,320,000	23,794,000	1,220,000	-	-	8,050,000	5,000,000	15,000,000
2010 Host City Operating Grant	-	55,845,626	-	-	-	-	-	-
2010 World Cup Stadium	390,537,229	2,489,022	-	-	-	-	-	-
Electricity Demand Side Management	12,100,000	12,100,000	8,000,000	-	5,000,000	5,000,000	-	2,005,000
<b>TOTAL CAPITAL ALLOCATION</b>	<b>684,713,229</b>	<b>290,130,648</b>	<b>244,807,000</b>	<b>200,031,000</b>	<b>291,765,000</b>	<b>390,636,000</b>	<b>505,617,000</b>	<b>465,792,000</b>
<b>Growth (%)</b>		<b>-58%</b>	<b>-16%</b>	<b>-18%</b>	<b>46%</b>	<b>34%</b>	<b>29%</b>	<b>9%</b>
Expanded Public Works Programme	-	740,903	1,201,697	2,867,000	2,954,000	1,695,000	-	-
<b>TOTAL ALLOCATION</b>	<b>-</b>	<b>740,903</b>	<b>1,201,697</b>	<b>2,867,000</b>	<b>2,954,000</b>	<b>1,695,000</b>	<b>-</b>	<b>-</b>
<b>TOTAL ALLOCATIONS</b>	<b>863,656,639</b>	<b>524,473,457</b>	<b>510,640,273</b>	<b>501,669,000</b>	<b>615,326,000</b>	<b>746,141,000</b>	<b>907,340,000</b>	<b>939,115,000</b>
<b>Growth (%)</b>		<b>-39%</b>	<b>-3%</b>	<b>-2%</b>	<b>23%</b>	<b>21%</b>	<b>22%</b>	<b>-3%</b>
<b>IN-KIND ALLOCATIONS</b>								
Regional Bulk Infrastructure		27,712,262	20,960,000		3,000,000	10,000,000	25,000,000	-
Integrated National Electrification Programme					14,204,000	40,276,000	42,628,000	55,000,000
Water Services Operating Subsidy					300,000	300,000	300,000	300,000
Neighbourhood Development Partnership Grant						1,000,000	1,000,000	1,000,000
<b>TOTAL IN-KIND ALLOCATION</b>		<b>27,712,262</b>	<b>20,960,000</b>	<b>-</b>	<b>17,504,000</b>	<b>51,576,000</b>	<b>68,928,000</b>	<b>56,300,000</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the municipality, local economic conditions and the affordability of services taking into consideration the municipality's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

## Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Property rates		383.89	395.44	407.05	268.79	268.79	268.79	6.5%	286.26	304.87	324.68
Electricity: Basic lev y		87.00	80.00	–							
Electricity: Consumption		689.66	860.50	930.00	1,043.50	1,043.50	1,043.50	8.0%	1,126.98	1,217.14	1,314.51
Water: Basic lev y		44.13	47.66	51.50	56.55	56.55	56.55	8.0%	61.07	65.96	71.24
Water: Consumption		204.26	221.28	240.00	263.52	263.52	263.52	8.0%	284.60	307.37	331.96
Sanitation		240.00	254.40	219.60	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		88.31	97.14	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
Other				–							
sub-total		1,737.25	1,956.42	1,955.15	1,835.78	1,835.78	1,835.78	7.9%	1,980.38	2,136.78	2,305.27
VAT on Services											
Total large household bill:		1,737.25	1,956.42	1,955.15	1,835.78	1,835.78	1,835.78	7.9%	1,980.38	2,136.78	2,305.27
% increase/-decrease			12.6%	(0.1%)	(6.1%)	–	–		7.9%	7.9%	7.9%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Property rates		18.82	39.49	290.75	182.08	182.08	182.08	6.5%	193.92	206.52	219.94
Electricity: Basic lev y		–	105.96	–							
Electricity: Consumption		370.86	364.61	385.00	444.50	444.50	444.50	8.0%	480.06	518.46	559.94
Water: Basic lev y		–	47.66	51.50	56.36	56.36	56.36	8.0%	60.86	65.73	70.99
Water: Consumption		162.26	175.29	190.00	208.62	208.62	208.62	8.0%	225.31	243.33	262.80
Sanitation		152.00	235.40	173.85	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		28.31	98.04	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
Other				–							
sub-total		732.25	1,066.45	1,198.10	1,094.98	1,094.98	1,094.98	7.9%	1,181.61	1,275.49	1,376.56
VAT on Services											
Total small household bill:		732.25	1,066.45	1,198.10	1,094.98	1,094.98	1,094.98	7.9%	1,181.61	1,275.49	1,376.56
% increase/-decrease			45.6%	12.3%	(8.6%)	–	–		7.9%	7.9%	7.9%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
Rates and services charges:											
Property rates		18.82	19.40	174.45	185.79	185.79	185.79	6.5%	101.58	108.18	115.21
Electricity: Basic lev y		–	–	–	–	–	–				
Electricity: Consumption		44.68	36.62	31.50	–	–	–	8.0%	268.92	290.43	313.67
Water: Basic lev y		–	–	–	–	–	–	8.0%	–	–	–
Water: Consumption		–	–	140.00	154.32	154.32	154.32	8.0%	166.00	179.28	193.62
Sanitation		88.31	97.14	128.10	141.20	141.20	141.20	8.0%	–	–	–
Refuse removal				–	–	–	–	9.5%	–	–	–
Other				–	–	–	–				
sub-total		151.81	153.16	474.05	481.30	481.30	481.30	11.5%	536.50	577.89	622.50
VAT on Services		18.62									
Total small household bill:		170.43	153.16	474.05	481.30	481.30	481.30	11.5%	536.50	577.89	622.50
% increase/-decrease			(10.1%)	209.5%	1.5%	–	–		11.5%	7.7%	7.7%

### 3. OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2013/14 budget and MTREF is informed by the following:

- (a) Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- (b) Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- (c) The capital programme is aligned to the IDP priorities.
- (d) Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- (e) Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Expenditure By Type</b>											
Employee related costs	2	297,223	368,952	392,418	431,400	411,663	411,663	411,663	468,291	523,730	566,630
Remuneration of councillors		15,605	16,952	19,302	20,111	20,911	20,911	20,911	22,061	23,186	24,322
Debt impairment	3	51,063	8,993	55,364	76,009	70,737	70,737	70,737	72,507	68,651	76,454
Depreciation & asset impairment	2	196,892	283,437	292,083	288,339	283,839	283,839	283,839	291,149	323,798	365,641
Finance charges		18,822	35,870	44,463	42,168	27,592	27,592	27,592	48,339	46,331	51,079
Bulk purchases	2	211,512	300,328	372,330	380,728	382,598	382,598	382,598	418,014	456,111	497,681
Other materials	8	-	-	-	39,660	40,347	40,347	40,348	43,080	46,568	50,174
Contracted services		174,467	174,125	165,087	51,996	192,564	192,564	192,564	82,554	88,478	94,551
Transfers and grants		-	-	-	-	20,150	20,150	20,150	45,005	47,972	51,061
Other expenditure	4, 5	335,370	273,032	326,821	372,843	283,754	283,754	283,754	349,746	370,548	391,644
Loss on disposal of PPE		-	-	2,497	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1,300,953</b>	<b>1,461,688</b>	<b>1,670,366</b>	<b>1,703,255</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,840,745</b>	<b>1,995,373</b>	<b>2,169,236</b>

The main operating expenditure drivers are;

The employees' remuneration cost will be R468 million in 2013/2014 financial year due to an increase of R57 million (13.8%) and the expenditure to the total operating revenue budget, excluding conditional grants is 30%. The employees remuneration cost will increase to R567 million in 2015/2016 financial year and the expenditure to the total operating budget will be 29%. Included in the employees remuneration cost budget is amount of R53 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R418 million due to an average increase of 9% granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2013.

The depreciation cost will be R291 million make up 16% of the total operating expenditure and is about 5% of the total assets carrying value of R5 321 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

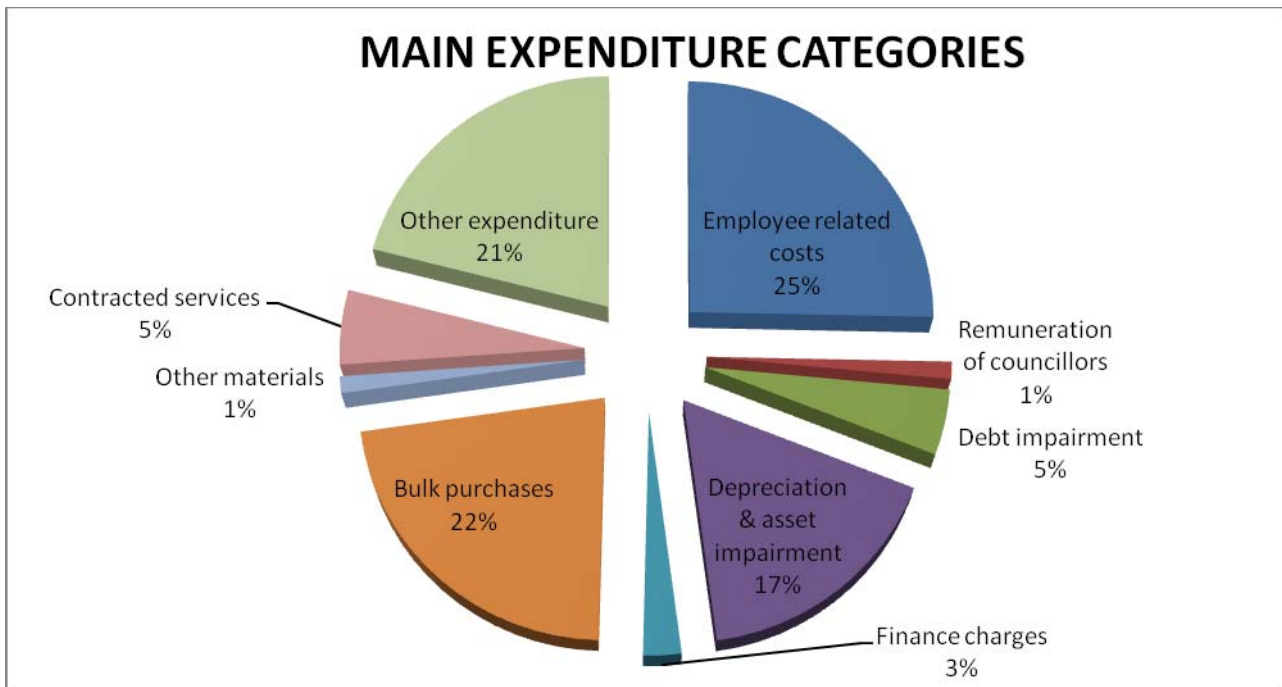
The other expenditure increases by 31%% to R372 million in 2013/2014 and the overall increase over the medium-term is R134 million (47%) to R418 million in 2015/2016 financial year. The increase on the other expenditure is due to the allocation of R98 million and in total R315 million for funding of operational programmes in line with the municipal development priorities and breakdown of the total expenditure for operating programmes per municipal development priorities is as tabulated below;

Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R73 million in 2013/2014 financial year. The provision for debt impairment represents about 7% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.

The municipality has allocated an amount of R148 million in the 2013/2014 financial year for provision of free basic services. The following free basic services will be provided in accordance with the criteria set on the indigent policy of the municipality;

<b>MUNICIPAL PRIORITY</b>	<b>2013/2014 BUDGET FORECAST</b>	<b>2014/2015 BUDGET ESTIMATE</b>	<b>2015/2016 BUDGET ESTIMATE</b>	<b>Budget %</b>
Good governance and Public Participation	R 44,116,125	R 45,760,311	R 46,451,552	45%
Intergrated Human Settlements	R 16,922,886	R 16,364,762	R 26,750,699	17%
Waste and Environment Management	R 7,500,000	R 9,480,000	R 8,608,000	8%
Financial management and viability	R 7,320,000	R 8,152,000	R 8,700,000	7%
Economic Development	R 6,244,065	R 6,959,590	R 7,780,743	6%
Revenue Enhancement	R 6,058,000	R 6,822,480	R 4,000,000	6%
Community Development	R 3,100,000	R 4,900,000	R 3,910,000	3%
2010 Legacy	R 1,700,000	R 1,750,000	R 1,800,000	2%
Water supply	R 1,380,000	R 1,010,000	R 550,000	1%
Rural Development	R 1,208,262	R 1,304,923	R 1,172,014	1%
Road Infrastructure development and Stormwater	R 1,000,000	R 1,420,000	R 1,464,000	1%
Sanitation/Sewer	R 805,508	R 850,000	R 922,569	1%
Electricity Supply and Management	R 500,000	R -	R -	1%
<b>Grand Total</b>	<b>R 97,904,846</b>	<b>R 104,864,066</b>	<b>R 112,116,577</b>	<b>100%</b>

The following graph gives a breakdown of the main expenditure categories for the 2013/14 financial year as a percentage:

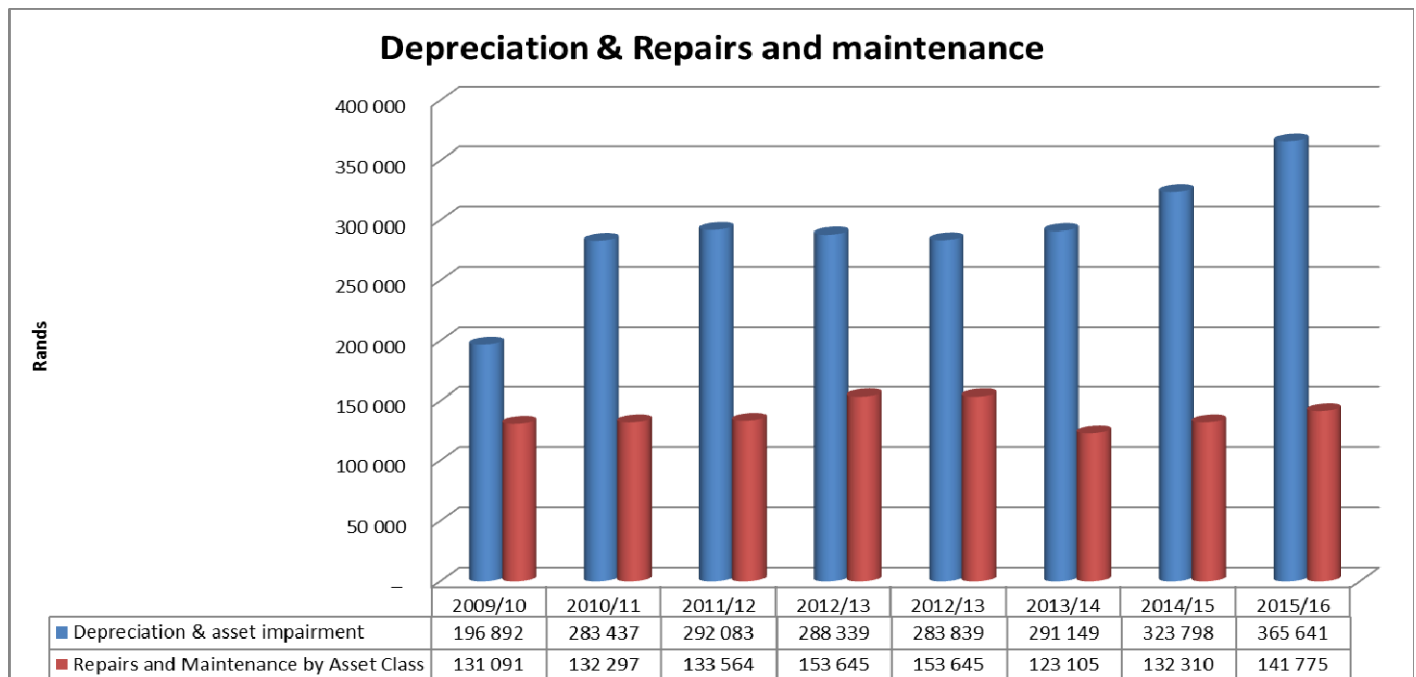


During the compilation of the 2013/14 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

**The table below provides a breakdown of the repairs and maintenance in relation to asset class:**

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			107,397	107,888	108,404	117,981	117,981	117,981	76,968	82,667	88,523
Infrastructure - Road transport			48,307	48,307	48,307	36,842	36,842	36,842	47,187	50,655	54,216
Roads, Pavements & Bridges			34,949	34,949	34,949	27,330	27,330	27,330	35,438	37,996	40,619
Storm water			13,358	13,358	13,358	9,513	9,513	9,513	11,748	12,659	13,597
Infrastructure - Electricity			25,046	25,046	25,046	29,027	29,027	29,027	23,582	25,348	27,165
Generation			13,594	13,594	13,594	21,524	21,524	21,524	23,582	25,348	27,165
Transmission & Reticulation			-	-	-	-	-	-			
Street Lighting			11,452	11,452	11,452	7,503	7,503	7,503			
Infrastructure - Water			13,452	13,452	13,452	22,165	22,165	22,165	2,131	2,294	2,462
Dams & Reservoirs			-	-	-	-	-	-			
Water purification			13,452	13,452	13,452	22,165	22,165	22,165	2,131	2,294	2,462
Reticulation			-	-	-	-	-	-			
Infrastructure - Sanitation			10,767	10,767	10,767	14,528	14,528	14,528	2,131	2,294	2,462
Reticulation			-	-	-	-	-	-			
Sewerage purification			10,767	10,767	10,767	14,528	14,528	14,528	2,131	2,294	2,462
Infrastructure - Other			9,824	10,315	10,831	15,417	15,417	15,417	1,937	2,076	2,219
Waste Management			8,400	8,820	9,261	12,542	12,542	12,542	1,937	2,076	2,219
Transportation		2	-	-	-	-	-	-			
Gas			-	-	-	-	-	-			
Other		3	1,424	1,495	1,570	2,875	2,875	2,875			
Community			14,307	15,022	15,773	28,076	28,076	28,076	10,955	11,757	12,581
Parks & gardens			288	302	317	525	525	525	6,618	7,093	7,580
Sportsfields & stadia			5,829	6,120	6,426	4,822	4,822	4,822	892	956	1,021
Swimming pools			352	370	389	525	525	525			
Community halls			85	90	94	92	92	92			
Libraries			658	691	726	985	985	985			
Recreational facilities			155	163	171	215	215	215			
Fire, safety & emergency			390	409	429	895	895	895			
Security and policing			2,352	2,470	2,594	12,352	12,352	12,352	1,720	1,859	2,003
Buses		7	-	-	-	-	-	-			
Clinics			-	-	-	-	-	-			
Museums & Art Galleries			-	-	-	-	-	-			
Cemeteries			2,352	2,470	2,593	3,852	3,852	3,852			
Social rental housing		8	-	-	-	-	-	-			
Other			1,845	1,937	2,034	3,812	3,812	3,812	1,725	1,849	1,976
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings		9									
Other											
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			9,387	9,387	9,387	7,588	7,588	7,588	35,182	37,885	40,671
General vehicles		10							28,983	31,241	33,571
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment			4,273	4,273	4,273	2,752	2,752	2,752	1,058	1,134	1,211
Computers - hardware/equipment			-	-	-	-	-	-			
Furniture and other office equipment			735	735	735	206	206	206			
Abattoirs			-	-	-	-	-	-			
Markets			-	-	-	-	-	-			
Civic Land and Buildings			4,379	4,379	4,379	4,630	4,630	4,630	5,141	5,510	5,889
Other Buildings			-	-	-	-	-	-			
Other Land			-	-	-	-	-	-			
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-			
Other			-	-	-	-	-	-			
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure		1	131,091	132,297	133,564	153,645	153,645	153,645	123,105	132,310	141,775
Specialised vehicles											
Refuse			-	-	-	-	-	-	-	-	-
Fire											
Conservancy											
Ambulances											
R&M as a % of PPE			2.5%	2.5%	2.6%	2.7%	2.9%	2.9%	2.3%	2.4%	2.4%
R&M as % Operating Expenditure			10.1%	9.1%	8.0%	9.0%	8.9%	8.9%	6.7%	6.6%	6.5%

For the 2013/14 financial year, 62% or (R77 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 38% (R47 million), followed by Electricity totaling 19% (R24 million), infrastructure - other assets has been allocated 29% (R35 million) of total repairs and maintenance, Community at 9% (R11 million), water at 1.7% (R2 million), sanitation is at 1.7% (R2 million).



### Free basic services: basic social services package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 13 703 or more indigent households during the 2013/14 financial year, a process reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.



#### 4 CAPITAL EXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote: 2013/14 Medium-term capital budget per vote:

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>										
COUNCIL	474	-	-	-	3 275	3 275	3 275	-	-	-
PLANNING, PERFORMANCE & MONITORING	9	-	-	4 870	7 532	7 532	7 532	9 200	13 100	13 000
OFFICE OF THE MUNICIPAL MANAGER	1 893	1 777	1 888	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER	-	-	-	-	-	-	-	500	300	400
FINANCIAL SERVICES	897	732	789	9 500	8 200	8 200	8 200	9 450	7 850	7 200
CORPORATE SERVICES	1 910	2 008	2 108	5 000	5 323	5 323	5 323	12 890	13 470	8 030
COMMUNITY SERVICES	124 044	47 246	49 608	26 367	26 237	26 237	26 237	36 438	59 522	82 787
MUNICIPAL PLANNING & DEVELOPMENT	33 38	11 050	11 603	17 050	5 424	5 424	5 424	24 890	34 431	87 380
TECHNICAL SERVICES	681 09	238 434	128 987	329 844	333 045	333 045	333 045	265 826	415 184	365 501
<b>Capital multi-year expenditure sub-total</b>	<b>853 380</b>	<b>301 246</b>	<b>194 948</b>	<b>392 831</b>	<b>389 037</b>	<b>389 037</b>	<b>389 037</b>	<b>359 095</b>	<b>543 857</b>	<b>544 278</b>
<b>Single-year expenditure to be appropriated</b>										
COUNCIL	-	-	-	850	850	850	850	-	-	-
PLANNING, PERFORMANCE & MONITORING	-	-	-	-	-	-	-	1 500	-	-
FINANCIAL SERVICES	-	-	-	200	200	200	200	3 000	-	-
CORPORATE SERVICES	-	-	-	1 090	1 090	1 090	1 090	2 500	1 800	2 700
COMMUNITY SERVICES	-	-	-	19 140	19 140	19 140	19 140	11 500	15 000	31 000
MUNICIPAL PLANNING & DEVELOPMENT	-	-	-	13 250	8 738	8 738	8 738	4 000	-	-
TECHNICAL SERVICES	-	-	-	114 407	108 043	108 043	108 043	215 891	85 272	181 740
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148 937</b>	<b>134 059</b>	<b>134 059</b>	<b>134 059</b>	<b>238 191</b>	<b>102 072</b>	<b>195 440</b>
<b>Total Capital Expenditure - Vote</b>	<b>853 380</b>	<b>301 246</b>	<b>194 948</b>	<b>541 568</b>	<b>523 096</b>	<b>523 096</b>	<b>523 096</b>	<b>597 286</b>	<b>645 929</b>	<b>739 718</b>

For 2013/14 an amount of R482 million has been appropriated for technical service vote for development of services infrastructure which represents 81% of the total capital budget. In the outer two years this amount totals R500 million, 78% and R527 million, 71% respectively for each of the financial years.



**Detailed breakdown of the capital budget per project over the medium term.**

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Install palisade fence around car parking for staff in White-river	30	450,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Replacement of old air-conditioners Kabokweni and Whiteriver civic centres	30 and 39	300,000		
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Van Rooyen St: Construct section through Stonehenge 6	15	1,700,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	1 x LDV (Records Section)	Institutional	200,000	-	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	2 x Heavy duty staplers (Records Section)	Institutional	10,000	-	-
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Ablution Facilities and Change room facilities	Institutional	-		
Community Services	Good governance and Public Participation	Capital Replacement Reserve	ABLUTION FACILITIES AT CEMETERIES	13,18, 28, 38	-	750,000	750,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Automated Monitoring Evaluation System	Institutional	1,500,000	-	
Community Services	Community Development	Capital Replacement Reserve	Back- Up Fire Water Supply and Storage	2,4,24,27	-	130,000	130,000
Technical Services	Water Supply	Capital Replacement Reserve	Backdoor/Mbonisweni augmentation scheme	32	700,000	3,500,000	2,800,000
Community Services	Community Development	Capital Replacement Reserve	Build new Swimming pool in Hazyview	1	-		2,500,000
Community Services	Community Development	Capital Replacement Reserve	Build new Swimming Pool Matsulu	13	-		2,500,000
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Building Of Trade Stalls, Kabokweni and Mahushu	3,33 and 38	1,100,000	2,157,900	7,080,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Cemetery IT System	1 to 39	500,000	300,000	-
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Chemical dosing system at White River Waste Water Treatment works	30	800,000		R 0.00
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Clau-Clau construction of roads and stormwater	5	4,385,965	-	
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Cleaning/Tilling the civic centre exterior walls	All	2,000,000	2,300,000	700,000
Technical Services	Sanitation/Sewerage	Borrowings	Coltshill Outfall Sewer	30	2,200,000	-	
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Commissioning of the Hoxani Water Treatment Works Mbombela Modules and construction of bulkwater supply line and additional module	3,5,6,7,8,9,10,11,31,38	4,385,965		
Community Services	Community Development	Capital Replacement Reserve	Community Emergency Bases	4,24,27	-	380,000	380,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Completion of sections of Road D2967 [PH03, MG01] - Planning, Design, WUL, EIA, BP, Tender documents.	5, 9		3,592,623	1,995,902

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Construct access road [EL01] - Construction & Supervision	12			2,022,720
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Construct bus route - Mzondi St [MS08] - Planning, Design, BP, Tender documents	21			1,396,207
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construct bus route [KAB01] - Construction & Supervision	31, 33			
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Construct bus route [KAB01] - Planning, Design, BP, Tender documents	31, 33			361,137
Technical Services	Water Supply	Borrowings	Construction of Manzini Package plant, bulkwater supply line and refurbishment of internal reticulation network	7	2,000,000	3,000,000	
Technical Services	Economic Development	Public Contribution	Construction of a Museum & Heritage Centre	14	9,000,000		
Technical Services	Water Supply	Capital Replacement Reserve	Construction of an additional 1ML/day Dwaleni Package Plant and bulkline refurbishment	33	6,980,752		
Technical Services	Water Supply	Municipal Infrastructure Grant	Construction of an additional 1ML/day Dwaleni Package Plant and bulkline refurbishment	33	4,375,141	2,991,751	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Guthwakop Busroute	21	8,771,930	26,315,789	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Construction of Hazyview and Dwaleni internal streets	1	4,385,965	-	
Technical Services	Water Supply	Capital Replacement Reserve	Construction of Jerusalem 2ML/day Package Plant, bulkline and refurbishment of internal reticulation network	8	2,000,000	4,000,000	10,364,121
Technical Services	Water Supply	Capital Replacement Reserve	Construction of Majika Package Plant, bulkline and refurbishment of internal reticulation network	25	1,000,000	2,500,000	2,500,000
Community Services	Community Development	Municipal Infrastructure Grant	Construction of Multi-Purpose Courts	5	175,439	2,500,000	5,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Construction of Nelspruit Public Transport Rank and Ancillary Facilities	16	17,563,158	36,122,170	
Community Services	Community Development	Municipal Infrastructure Grant	Construction of new community halls	1, 5, 8, 12, 14, 22, 34, 36, 38	4,333,333	8,000,000	15,000,000
Technical Services	Water Supply	Borrowings	Construction of the Boschrand to Phumlani Pipeline	30	6,000,000	-	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Design for replacement of collapsed stormwater pipes and culverts in West Acres x 7, 8 & 29 (Multi-phased)	15	440,000	425,000	630,484
Technical Services	Electricity Supply and Management	Borrowings	Designs for Ehmke 2 Switching Station	15, 16, 17	4,000,000	-	-

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Capital Replacement Reserve	Development and implementation of a Water Tankering Monitoring System	All	700,000	2,000,000	
Financial Services	Revenue Enhancement	Capital Replacement Reserve	Development of internet portal for municipal accounts and online billing.	Institutional	700,000	300,000	-
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Distribution and safety equipment	Institutional	400,000	-	-
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Doctor Enos Mabuza Dr: Planning & design for widening of section between Kaapsche Hoop Rd & Ferreira St. (Includes EIA, WUL, etc)	15, 16	2,000,000		
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Drilling and commissioning of boreholes for water supply in farms within Mbombela	Related Wards	500,000	359,650	-
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Drilling and commissioning of boreholes for water supply in farms within Mbombela	Related Wards	2,000,000		
Technical Services	Water Supply	DWA Refurbishment Grant	DWA refurbishment programme	All Nsikazi wards	8,052,632		
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Electrical meter audit - residential	14, 15, 16, 17, 30	-	1,000,000	-
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Electrical network protection (10 main substations)	14;15; 16;17;18;30; 38	500,000	-	1,500,000
Technical Services	Electricity Supply and Management	Integrated National Electrification	Electrification of households (1000)	1	5,043,860	-	-
Technical Services	Electricity Supply and Management	Integrated National Electrification	Electrification of households (1290)	27	-		13,157,895
Technical Services	Electricity Supply and Management	Integrated National Electrification	Electrification of households (200)	3 & 21	2,017,544	-	-
Technical Services	Electricity Supply and Management	Integrated National Electrification Programme Grant	Electrification of households (400)	35	-	4,385,965	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Electronic attendance registers		400,000	250,000	250,000
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Equipments for Medical examinations		700,000	200,000	250,000
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Establishment of Marula Factory	39	1,200,000	1,942,110	3,672,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	ESTABLISHMENT OF 5 KNOWLEDGE MANAGEMENT CENTRES - 5 PLANNING ZONES	Mbombela	600,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Establishment of Kanyamazane DLTC	18 to 22	-	-	3,000,000
Community Services	Community Development	Capital Replacement Reserve	Establishment of Masoyi Public Safety Centre	3 to 8	-		3,000,000
Community Services	Waste and Environment Management	Borrowings	Establishment of Waste Transfer Stations	All Wards	3,872,889		2,962,596
Community Services	Community Development	Capital Replacement Reserve	Establishment and purchase of play equipment	1 to 39	300,000	750,000	750,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Extension of electricity distribution license	1- 39	500,000	600,000	700,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Community Services	Waste and Environment Management	Borrowings	Extension of Tekwane West Central Waste Disposal Site Cell 2	38	837,716	5,000,000	15,000,000
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Fencing and Refurbishment of Established Existing Stalls	Related Wards	300,000	215,790	408,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	Fencing of Cemeteries	1 to 39	1,700,000	2,500,000	7,000,000
Community Services	Community Development	Capital Replacement Reserve	Fencing of community halls	10, 16, 27, 31, 38	300,000	400,000	500,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Gedlembane Rd - Msogwaba: Structural analysis	29	500,000		
Community Services	Community Development	Capital Replacement Reserve	High Rise Building Fire Truck	17	-	8,560,000	
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Hybrid tablets for Management	Mbombela	500,000	500,000	-
Technical Services	Electricity Supply and Management	Energy Efficiency Grant (EEDSM)	Implementation of an energy efficiency for Water Plants (EEDSM)		4,385,965	-	1,758,772
Technical Services	Revenue Enhancement	Capital Replacement Reserve	Implementation of the Water Conservation and Demand Management Strategy	All	4,000,000	4,500,000	5,500,000
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Improve security at Sitasive Training Centre		80,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Install New flood lights at Sport Facilities	All wards	800,000		
Technical Services	Water Supply	Capital Replacement Reserve	Installation of a desilting system at the Hazyview Raw water pumpstation	1	1,400,000		
Technical Services	Water Supply	Capital Replacement Reserve	Installation of a Supervisory Control and Data Acquisition (SCADA) and telemetry system for water infrastructure	All	1,300,000	2,000,000	2,200,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Installation of air-conditioners in libraries	1,2,6,13,16,17,22,26,30,33	250,000	250,000	
Technical Services	Water Supply	Capital Replacement Reserve	Installation of an Automated Backwash System at Hazyview Water Treatment Works	1	500,000		
Technical Services	Water Supply	Capital Replacement Reserve	Installation of an Automated Backwash System at Kanyamazane Water Treatment Works	19	700,000		

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Capital Replacement Reserve	Installation of an Automated Backwash System at White River Water Treatment Works	30	500,000		
Planning, Performance	Good governance and public	Capital Replacement	INSTALLATION OF BACK-UP GENERATORS	Mbombela	400,000	1,000,000	1,000,000
Technical Services	Water Supply	Capital Replacement Reserve	Installation of new bulkwater meters and refurbishment of old meters	All	1,500,000		
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Installation of public lightning	1 – 39		2,192,982	-
Technical Services	Water Supply	Capital Replacement Reserve	Installation of security measures for assets	All	700,000	1,300,000	1,000,000
Technical Services	Water Supply	Capital Replacement Reserve	Installation of Standby diesel generators at Kanyamazane and Nyongane Water Treatment Works/Pumpstations	All	700,000	750,000	800,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Installation of street lights in various areas	18, 19 & 28	1,500,000	-	-
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Job Linkage Centre	Related Wards	4,500,000	5,315,800	8,351,582
Community Services	Community Development	Capital Replacement Reserve	K53 Test Track - Motorcycles	30	700,000	600,000	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Kaapsche Hoop Rd: Geometric upgrading and reconstruction of section from Samora Machel Dr to Doctor Enos Mabuza Dr: Construction	15		3,500,000	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Kaapsche Hoop Rd: Widening, geometric upgrading and reconstruction of section from Samora Machel Dr to Doctor Enos Mabuza Dr: Planning, Design & WUL	15	1,175,000		
Technical Services	Economic Development	Neighbourhood Development Programme Grant	KaNyamazane Precinct Development	18,19,20	4,385,965	-	-
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	KaNyamazane Streets and busroutes	18,19,20	8,403,509	-	-
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	-	-	8,000,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Borrowings	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	40,000,000	-	-
Technical Services	Water Supply	Municipal Infrastructure Grant	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	41,433,423	51,542,071	89,157,675
Technical Services	Water Supply	Capital Replacement Reserve	Karino Plaston Bulkwater Scheme	Nsikazi South Wards	-	-	41,473,273
Technical Services	Water Supply	Capital Replacement Reserve	Link Phola to Mshadza Package Plant	5	2,000,000		
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Maggiesdal Township (IHS) - Planning, design and tender documentation for roads and stormwater infrastructure	16		1,220,000	
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Maintenance of Trade Trolleys	Related Wards	200,000	143,860	272,000
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Manufacture Trade Trolleys	27,30	300,000	215,790	408,000
Technical Services	Community development	Municipal Infrastructure Grant	Matsulu Fire Station	13, 28	6,070,000	3,157,895	
Community Services	Community Development	Capital Replacement Reserve	Matsulu Public Safety Facility		4,000,000	5,000,000	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Matsulu Streets and busroutes	13,28	8,403,508	26,315,789	
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Matsulu, Portia, Mpakeni and Luphisi bus route	13,24,28	3,508,772	-	
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: MTS - WTW Extension with 6MLD	13		12,500,000	25,000,000
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: NEWSKOM - Upgrade Bulk and network reticulation	36		7,368,000	6,831,281
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: NZK - Msogwaba and Pienaar (ward 22 & 23) water network extentions	22 and 23		26,503,317	
Technical Services	Water Supply	Municipal Infrastructure Grant	MIG: ZWELISHA B/MLUTI WATER SUPPLY PHASE 3	2		1,500,000	6,000,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Mostert St: Widening between VdMerwe & Van Wijk St [ST-05-MB]: Planning & Construction	17	2,500,000		
Technical Services	Water Supply	Municipal Infrastructure Grant	MP 617:MIG Zwelisha Extension of Reticulation at Zomba	4		3,600,000	7,000,000
Technical Services	Water Supply	Capital Replacement Reserve	Mshadza package plant, bulk line	6	700,000	3,400,000	
Community Services	Community Development	Capital Replacement Reserve	Multipurpose Disaster Management Vehicle	All Wards	1,500,000		-
Community Services	Community Development	Capital Replacement Reserve	Nature Reserve Fencing	15, 16, 17	150,000	500,000	-
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	New - Northern Outfall Sewer	14	6,649,123		
Planning, Performance	Good governance and public	Capital Replacement	NEW AND UPGRADING OF ICT HARDWARE	Mbombela	3,500,000	3,600,000	4,000,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	NEW AND UPGRADING OF ICT SOFTWARE SYSTEMS	Mbombela	1,000,000	1,000,000	1,000,000
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Nsikazi North household sanitation (Zone A)	All	3,508,772	-	
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Nsikazi South household sanitation (Zone B)	All	3,508,772	-	
Community Services	Waste and Environment Management	Capital Replacement Reserve	Nursery Development	16; 30	1,200,000	-	-
Technical Services	Water Supply	Capital Replacement Reserve	Optimization of Kanyamazane Water Treatment Works Chemical dosing processes and equipping of water quality laboratory (Kanyamazane)	Nsikazi North Wards	700,000		
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Pedestrian Crossing : Nsikazi North	1, 25	4,385,965	6,000,000	15,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Pedestrian Crossing : Nsikazi South	2	2,653,956	4,000,000	10,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Pedestrian Crossing : Ward 2, 4 & 29	2, 4, 29	3,528,799	5,000,000	6,500,000
Technical Services	Community development	Municipal Infrastructure Grant	Phola community hall	5	3,508,772		
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Phumlani Busroute	30	8,400,589	26,315,789	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Phumlani new access road: Planning, Design, EIA & Land Acquisition	14, 30		1,000,000	1,600,000
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Planning and Construction of Kaapsehoop sewerage works and reticulation	12	700,000	-	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Plant and Equipment	All	2,500,000	3,000,000	5,000,000
Community Services	Community Development	Capital Replacement Reserve	Playground Manager IT System & Hand held PDA's	1 to 39	200,000	150,000	-

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Power factor correction	14;15; 16;17;18;30; 38	500,000	-	-
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Procurement of a cost and management accounting system	Institutional	-	1,500,000	1,500,000
Community Services	Community Development	Capital Replacement Reserve	Procurement of Backup Generator in Nelspruit	15	1,300,000		
Chief Operations	Good governance and public participation	Capital Replacement Reserve	Procurement of equipment for environmental awareness and education programmes	Mbombela	500,000	300,000	400,000
Financial Services	Financial management and viability	Capital Replacement Reserve	Procurement of fleet management system	Institutional	3,000,000	1,500,000	1,000,000
Financial Services	Financial management and viability	Capital Replacement Reserve	Procurement of fuel management system	Institutional	1,200,000	1,000,000	1,000,000
Financial Services	Good governance and public participation	Capital Replacement Reserve	Procurement of Furniture and Equipment	13	3,050,000	250,000	500,000
Community Services	Waste and Environment Management	Borrowings	Procurement of Solid Waste Management Fleet	All Wards	4,000,000	2,437,017	17,384,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	Procurement of Solid Waste Management Fleet	All Wards		7,000,000	
Technical Services	Public Transport	Public Transport Infrastructure Grant	Proposal for testing, evaluation and design of PT priority Routes in Central Areas of Nelspruit	16	22,000,000	40,000,000	
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Provision of Barber Stalls	All	500,000	359,650	1,180,000
Local Economic Development, Urban and Rural and Human Settl.	Integrated Human Settlements	Capital Replacement Reserve	PROVISION OF EXECUTIVE MAYOR OFFICIAL RESIDENCE	17	4,471,232	1,967,342	-
Technical Services	Public Transport	Public Transport Infrastructure Grant	Proposal for testing, evaluation and design of PT priority Routes in the Eastern Areas	16			47,909,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Public Transport Management Function	All	19,000,000	18,000,000	
Local Economic Development, Urban and Rural and Human Settl.	Integrated Human Settlements	Capital Replacement Reserve	Purchase of land for Integrated Human Settlements	All wards	-	3,326,775	16,000,000
Technical Services	Electricity Supply and Management	Borrowings	Purchase of 9 motor vehicles - bakkies	14,15,16,17,30	3,150,000		-
Technical Services	Electricity Supply and Management	Borrowings	Purchase of 2 Cherry-pickers	14,15,16,17,30	1,800,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Purchase of 25 Traffic Patrol Vehicles	All Wards		7,000,000	9,000,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Purchase of 3 Emergency generators	14,15,16,17,30	150,000	175,000	200,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of 3 LDV,s - Disaster Managment	All Wards	-	280,000	-



DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Local Economic Development, Urban and Rural and Human Settl.	Intergrated Human Settlements	Capital Replacement Reserve	Purchase of 300 foldable collapsible structures	All wards	3,059,406	2,402,139	8,298,297
Community Services	Community Development	Capital Replacement Reserve	Purchase of 8 Speed Measuring Equipment	All Wards	700,000		
Community Services	Community Development	Capital Replacement Reserve	Purchase of Brushcutters, ride on lawnmo-wers, chain saws, and Leaf Blowers, push lawn mowers, hedge trimmers	All wards	800,000	800,000	700,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of collapseble structures	All Wards	1,000,000	400,000	300,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Purchase of Equipment	16	10,000		
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Purchase of Land for Economic Project	All	-	12,000,000	15,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Purchase of Land for Public Transport Operational Centre	16	8,000,000	17,000,000	
Local Economic Development, Urban and Rural and Human Settl.	Intergrated Human Settlements	Capital Replacement Reserve	PURCHASE OF LAND IN HAZYVIEW FOR BUILDING OF A SCHOOL	Ward 12	3,000,000	1,320,000	-
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF LARGE TRACTOR	1 to 39	600,000	650,000	-
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF LAWNMOWERS AND BRUSHCUTTERS	1 to 39	800,000	500,000	250,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF LDVS	1 to 39	-	800,000	500,000
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Purchase of Movable Asset Management and Tracking System	Institutional	800,000	100,000	100,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of Office equipment for Sports Facilities	All wards	50,000	50,000	50,000
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Purchase of Plant and equipment	All	1,000,000	1,500,000	1,800,000
Community Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Purchase of Road Marking Machines	All Wards	250,000	300,000	320,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Purchase of Steel Lockers		-	250,000	
Community Services	Waste and Environment Management	Capital Replacement Reserve	Purchase of Tractors	1 to 39	-	1,200,000	1,200,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Community Services	Community Development	Capital Replacement Reserve	Purchase of Tractors, bush cutters	All wards	1,000,000	650,000	1,000,000
Community Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Purchase of Traffic Light Controllers	All Wards	130,000	200,000	250,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	PURCHASE OF TREE TEAM EQUIPMENT	1 to 39	250,000	750,000	-
Community Services	Waste and Environment Management	Borrowings	PURCHASE OF TRUCKS	1 to 39	-	2,500,000	1,000,000
Community Services	Good governance and public participation	Capital Replacement Reserve	Purchase of Uninterrupted Power Supplies	All Wards	210,000	260,000	300,000
Community Services	Community Development	Capital Replacement Reserve	Purchase of Unipower 180 amp Generator/Welder for traffic technical services	All Wards	20,000	30,000	40,000
Community Services	Waste and Environment Management	Capital Replacement Reserve	Purchase of Waste Storage Facilities		2,500,000	2,560,000	5,000,000
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Purchase of Wendy House		50,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Purchasing of books	1,2,6,13,16,17,22,26,30,33	150,000	250,000	300,000
Community Services	Community Development	Capital Replacement Reserve	Purchasing of brushcutters & ride-on lawnmower	Institutional	100,000	250,000	
Community Services	Community Development	Capital Replacement Reserve	Purchasing of new theatre equipments	16	100,000	250,000	
Community Services	Good governance and Public Participation	Capital Replacement Reserve	Purchasing of new vehicles	Institutional	900,000	900,000	
Technical Services	Public Transport	Public Transport Infrastructure Grant	R40 from Dr. Enos Mabuza to TUT	16	15,000,000	35,000,000	
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	R40 through Hazyview: Structural analysis (damaged by ore carriers)	1	1,000,000		
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Rates hall facilities upgrade	Institutional	1,000,000	250,000	100,000
Technical Services	Water Supply	Capital Replacement Reserve	Redesign and refurbishment of Umbhaha pumpstation	1	1,100,000		
Technical Services	Sanitation/Sewerage	Borrowings	Redesign and refurbishment of White River Country Estate sewer pumpstation	30	1,500,000	500,000	R 0.00
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Refurbishment of boreholes infrastructure and connections to existing reticulation networks	All	-	3,099,123	4,098,246
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Refurbishment of infrastructure assets	All	1,000,000	-	-
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Refurbishment of infrastructure assets	All	2,333,333	5,000,000	6,500,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Capital Replacement Reserve	Refurbishment of the Elandshoek water networks	12	1,000,000	1,200,000	
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Refurbishment of the ICT facility	Mbombela	2,000,000	1,000,000	1,000,000
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Renovation and construction of Broiler houses for poultry co-operatives	30, 32, 34, 39, 03, 09,	2,500,000	2,157,900	6,201,600
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Renovation and construction of Broiler houses for poultry co-operatives	30, 32, 34, 39, 03 and 09.	2,500,000		
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Renovation for office space	All	2,500,000	4,500,000	4,000,000
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Renovation of Civic Centres	All	4,000,000	4,500,000	5,000,000
Community Services	Community Development	Capital Replacement Reserve	Renovation of civic theatre	16	150,000		
Financial Services	Financial management and viability	Capital Replacement Reserve	Renovation of Nelspruit and White River municipal stores	Institutional	800,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Renovations and upgrading of Delapidated Stadiums	6,26,38	1,800,000		2,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Replace 18 culverts damaged by floods:Construction	All			4,800,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Replace collapsed stormwater pipes and culverts in West Acres x 7, 8 & 30: Construction	15		2,430,000	2,355,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Replace small plant and equipment	All	300,000	300,000	300,000
Community Services	Community Development	Capital Replacement Reserve	Replacement Jaws of Life Units	All Wards	100,000	780,000	

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Capital Replacement Reserve	Replacement of the Hazyview Water Treatment Works filter media and nozzles	1	700,000		
Community Services	Community Development	Capital Replacement Reserve	Replacement Station Utensils	All Wards	100,000	280,000	250,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Hazyview	1	900,000	1,000,000	1,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Kabokweni	32,33,38	900,000	1,000,000	1,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Kanyamazane	18,19,20,21,	900,000	1,000,000	1,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Matsulu	13,27,28,	900,000	1,000,000	1,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Nelspruit	12,14,15,16,17, 18,38	2,000,000	2,500,000	3,000,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Nsikazi North	3,5,6,7,8,9,25,3 4,37,39	900,000	1,000,000	1,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - Nsikazi South	2,4,10,11,22,23, 24,26,29,31,35, 36,39	900,000	1,000,000	1,200,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Reseal tarred roads - White River	8,30,38	900,000	1,000,000	1,200,000
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Resealing of civic centre roof	All	2,500,000	3,000,000	-
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Roads and Stormwater Kanyamazane PH3 (16,52,17 &3)	18, 19, 20	3,421,053	2,624,343	
Technical Services	Public Transport	Public Transport Infrastructure Grant	R40 from R37 to Nelsriver HOV lane upgrade	16	20,000,000		
Technical Services	Public Transport	Public Transport Infrastructure Grant	Rocky's drift Public transport Facility	16	7,000,000	-	
Technical Services	Water Supply	Service Contribution	SC 1002 - Water: Upgrades To Giraffe Internal Network	16	750,000	750,000	-
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	SC 1011 - Drumrock Sewer PS				
Technical Services	Sanitation/Sewerage	Service Contribution	SC 1013 -Sewer: Network Upgrading Ac Mains	14; 15; 16; 17	-	250,000	250,000
Technical Services	Water Supply	Service Contribution	SC 1101 - Water: Upgrades in Nst ext	15; 16; 17		250,000	250,000
Technical Services	Water Supply	Service Contribution	SC 1201 - Water: Upgrades Sonheuwel Upper Plan	15		350,000	-
Technical Services	Sanitation/Sewerage	Service Contribution	Sc 1205 - Sewer: Western Outfall & PS			1,000,000	
Technical Services	Sanitation/Sewerage	Service Contribution	SC 1206 - Sewer: Network upgrading Eastern Outfall	17			950,000
Technical Services	Water Supply	Service Contribution	SC 1301 - Water: Network upgrading Giraffe Zone AC mains	16		300,000	700,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Water Supply	Service Contribution	SC 1302 - Water: Network upgrading Central Zone AC mains	15; 16; 17			400,000
Technical Services	Water Supply	Service Contribution	SC 1303 - Water: Network upgrading Nelsville Zone AC mains				400,000
Technical Services	Water Supply	Service Contribution	SC 1401 - Water: Bulk & Network upgrades	15; 16; 17			
Technical Services	Sanitation/Sewerage	Service Contribution	SC 1402 - Sewer: Upgrade Bulk & reticulation	14; 15; 16; 17			
Technical Services	Sanitation/Sewerage	Service Contribution	SC 707 - Sewer Main Outfall Upgrades - Sonheuwel & Central (Enos Mabuza)	15		-	-
Technical Services	Sanitation/Sewerage	Service Contribution	SC 710 - White River Corridor Collector Sewers - Service Contributions	14; 17		1,000,000	3,600,000
Technical Services	Sanitation/Sewerage	Service Contribution	SC 806 - Sewer Pump Station Upgrades - Riverside X21	14; 17		-	-
Technical Services	Sanitation/Sewerage	Service Contribution	SC 901 - Sewer Main Outfall Upgrades - Ferreira Street (Phase 2) (Nes708)	16	3,500,000	-	-
Technical Services	Water Supply	Service Contribution	SC 902 - Upgrades Central Zone - Owtw Pumpline To Old Pta Rd	15; 16; 17		1,200,000	-
Technical Services	Water Supply	Service Contribution	SC 904 - Upgrades Sonheuwel Lower Ps & Pl	15		-	1,200,000
Technical Services	Water Supply	Service Contribution	SC 907 - Reinforcement Of Beryl & Saffier Zone (Stonehenge)	15		750,000	-
Technical Services	Sanitation/Sewerage	Service Contribution	SC 908 - Sewer Main Outfall Upgrades - Sonheuwel & Central (Impala Str)	15		-	1,200,000
Technical Services	Water Supply	Service Contribution	SC 909 - Water: Upgrading Of 'Saffier' Ps (Beryl Zone)	15		-	450,000

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Sanitation/Sewerage	Service Contribution	SC 910 - Sewer: Extensions To Existing Networks Development Needs	14; 15; 16; 17	-	350,000	350,000
Technical Services	Sanitation/Sewerage	Service Contribution	SC 912 - Sewer: Pump Station Upgrades - Stonehenge	15	-	900,000	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Scanning HR Files to Orbit	% of files scanned	500,000	20,000	30,000
Community Services	Community Development	Capital Replacement Reserve	Specialised confined Equipment	15	-	-	520,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Steiltes electricity supply	17	1,000,000	-	-
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Substation fencing (concrete)	14,15,16,17	500,000	1,000,000	1,100,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Substation maintenance and refurbishment	14;15; 16;17;18;30; 38	3,000,000	-	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply and installation of Carports at Kanyamazane Service Centre		200,000	-	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply and installation of guardrooms(Wendy houses) at Kanyamazane Service Centre and Kanyamazane Hall		50,000	-	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply and installation of Palisade Fencing of Service Centre and Kanyamazane Hall		500,000	-	-
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Supply of furniture for Matsulu and Kanyamazane Council chambers		250,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Swimming pool equipment	17,30,14,16	50,000	150,000	
Technical Services	Sanitation/Sewerage	Municipal Infrastructure Grant	Tekwane North Outfall Sewer	18	5,263,158		-
Technical Services	Water Supply	Municipal Infrastructure Grant	Tekwane South Ext 2 (IHS) - Planning, design and tender documentation for roads and stormwater infrastructure	18		1,480,000	
Corporate Services	Good governance and Public Participation	Capital Replacement Reserve	Thusong Centre Rollout	All	500,000	500,000	500,000
Local Economic Development, Urban and Rural and Human Settl.	Economic Development	Capital Replacement Reserve	Tourism Information Office at Stadium	14	359,406	258,520	489,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Traffic calming: Installation of speed humps (2/ward)	All	780,000	780,000	780,000
Community Services	Good governance and Public Participation	Capital Replacement Reserve	UPGRADE OF ABLUTION AND NURSERY	16, 30	1,800,000	1,500,000	-
Technical Services	Electricity Supply and Management	Borrowings	Upgrade of Anderson 33/11Kv Substation	16	-	-	-
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Chweni spienkop busroute	34	10,000,000	-	20,000,000

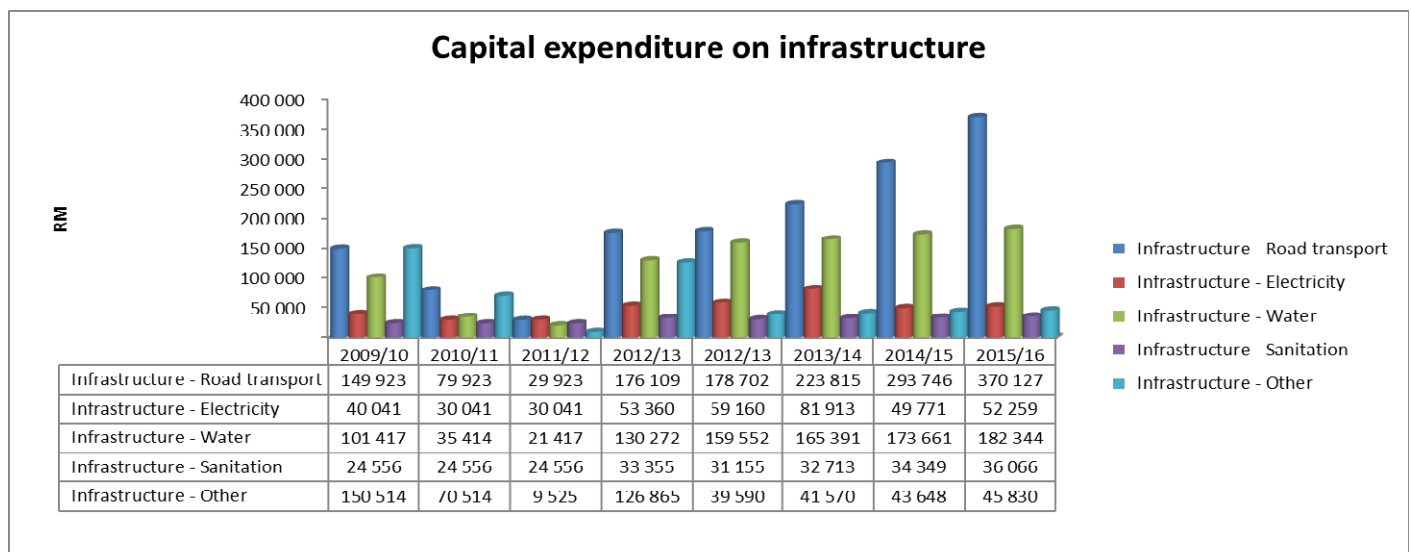
DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Daantjie cemetery bus route	23	10,000,000	-	20,000,000
Technical Services	Electricity Supply and Management	Borrowings	Upgrade of Eskom POS (NMD upgrade) (Mataffin, Valencia, Nelsriver & Town North)	14,15,16,17,30	12,000,000	-	20,000,000
Financial Services	Financial management and viability	Capital Replacement Reserve	Upgrade of expenditure management module on Venus system	Institutional	500,000	1,000,000	
Financial Services	Financial management and viability	Capital Replacement Reserve	Upgrade of Intenda procurement system to interface with the payroll system	Institutional	450,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Upgrade of Kanyamazane Fire Station	20	300,000	385,000	
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Mafambisa to Spelanyani busroute	10	10,000,000	-	20,000,000
Technical Services	Water Supply	Municipal Infrastructure Grant	Upgrade of Matsulu bulk water supply	13,28	5,894,737	8,771,930	8,000,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of Nelspruit Electrical Offices, Standby Quarters, Canteen & Drawing Office	14,15,16,17	-	2,000,000	-
Community Services	Community Development	Capital Replacement Reserve	Upgrade of Nelspruit Fire Stations	17,30	1,500,000		1,200,000
Technical Services	Water Supply	Municipal Water Infrastructure Grant	Upgrade of Nyongane Water Scheme	Nsikazi North Wards	-	7,480,000	15,000,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Upgrade of Phola collector Road	5	7,900,000	-	
Community Services	Good governance and Public Participation	Capital Replacement Reserve	UPGRADE OF STOREROOM FACILITIES FOR MACHINERY	16,30,38,1	-	500,000	500,000
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	UPGRADE OF TETRA TWO WAY RADIO SYSTEM	Mbombela	200,000	5,000,000	5,000,000
Financial Services	Financial Management and Viability	Capital Replacement Reserve	Upgrade of the revenue management module on Venus system	Institutional	-	2,000,000	3,500,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of Town North Substation	30	-	5,000,000	
Technical Services	Electricity Supply and Management	Borrowings	Upgrade of Town North Substation	30	-		7,500,000
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of Valencia Substation	14	-	5,000,000	
Technical Services	Electricity Supply and Management	Borrowings	Upgrade of Valencia Substation	14	-		7,500,000
Technical Services	Water Supply	Capital Replacement Reserve	Upgrade of water and waste water laboratories	All	500,000	1,016,840	4,000,000
Technical Services	Water Supply	Municipal Infrastructure Grant	Upgrade of Water distribution network	27 & 28	6,634,021	7,400,000	
Technical Services	Electricity Supply and Management	Capital Replacement Reserve	Upgrade of White River Electrical Offices, Canteen, Standby Quarters & Ablution facilities	30	-	2,000,000	-
Financial Services	Financial management and viability	Capital Replacement Reserve	Upgrade Venus system to incorporate a cashflow management structure and linked to the budget maintenance structure.	Institutional	1,000,000	-	41

DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Community Services	Community Development	Capital Replacement Reserve	Upgrading of community halls	10, 23, 30, 31, 33, 34, 37	1,500,000	1,500,000	1,500,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of existing tennis and netball courts and change rooms	14,17,30,16	800,000	800,000	
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Kabokweni Stadium	33	500,000	500,000	500,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Nelsville Swimming Pool	17	-		1,000,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Security at Sports Facilities (palisade Fencing)	All wards	500,000	600,000	500,000
Technical Services	Sanitation/Sewerage	Borrowings	Upgrading of the Hazyview Waste Water Treatment Works	1	1,200,000	-	10,000,000
Technical Services	Sanitation/Sewerage	Capital Replacement Reserve	Upgrading of the Kabokweni Ridge sewer pumpstation	33,36	700,000	500,000	R 0.00
Technical Services	Water Supply	Capital Replacement Reserve	Upgrading of the Pienaar Pump No.3, motor and control panel	Nsikazi South Wards		2,500,000	
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Valencia Swimming Pool	14	-		1,000,000
Community Services	Community Development	Capital Replacement Reserve	Upgrading of Van Riebeeck Park Swimming Pool	16	2,000,000	-	-
Community Services	Community Development	Capital Replacement Reserve	Upgrading of White River Swimming Pool	30	-		1,000,000
Technical Services	Road Infrastructure development and Stormwater	Capital Replacement Reserve	Van Rooyen St: Reconstruction and extension from Percy Fitzpatrick St to Belladonna St - Planning, Design, EIA, Land acquisition	15			
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Vehicle to support Rural Coordinators to do field work in the Rural areas.	All wards	400,000	287,720	-
Local Economic Development, Urban and Rural and Human Settl.	Rural Development	Capital Replacement Reserve	Vehicle to support Rural Coordinators to do field work in the Rural areas.	All wards	2,000,000		
Community Services	Community Development	Capital Replacement Reserve	Vehicles for Sports Facilities	All wards	800,000	900,000	700,000
Technical Services	Sanitation/Sewerage	Borrowings	WC2010 Kingstonvale WWTW	17			



DEPARTMENT	MUNICIPAL PRIORITY	FUNDING SOURCE	PROJECT DESCRIPTION	WARD	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE
Planning, Performance and ICT	Good governance and public participation	Capital Replacement Reserve	Wireless upgrade kanyamazane hazyview and kabokweni	Mbombela	1,000,000	1,000,000	1,000,000
Community Services	Community Development	Capital Replacement Reserve	Working Tools and Equipment	Institutional	300,000	340,000	350,000
Technical Services	Road Infrastructure development and Stormwater	Municipal Infrastructure Grant	Zwelisha Mluti Busroute	2	7,526,315	-	-
Technical Services	Public Transport	Public Transport Infrastructure Grant	TUT Public transport Facility	16	-	-	7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Rob Ferreira Hospital Public transport Facility	16	-	-	7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Riverside Park Public transport Facility	16	-	-	7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Matsulu Public transport Facility	16	-	-	7,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	White River Public transport Facility	16	-	-	12,000,000
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning and Design Matsulu Busrank	16	-	5,000,000	-
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning, Design and Construction for KaNyamazane Busrank	16	-	10,000,000	-
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning and Design Swalala Busrank	16	-	5,000,000	-
Technical Services	Public Transport	Public Transport Infrastructure Grant	Planning and Design Kabokweni Busrank	16	-	5,000,000	-
<b>Total</b>					<b>597,285,838</b>	<b>645,729,341</b>	<b>739,718,787</b>

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



## 4.1 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following tables are the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table A1 - Budget Summary**

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	187,192	197,865	245,816	281,185	280,934	280,934	280,934	305,881	337,153	373,338
Service charges	401,690	485,008	588,159	668,878	663,170	663,170	663,170	729,936	807,033	900,903
Investment revenue	16,390	7,729	8,710	4,019	2,731	2,731	2,731	5,559	6,226	6,973
Transfers recognised - operational	397,738	320,683	375,143	320,607	409,255	409,255	409,255	355,505	401,723	473,323
Other own revenue	613,243	238,252	190,093	484,600	460,857	460,857	460,857	567,532	703,741	687,691
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,616,253</b>	<b>1,249,537</b>	<b>1,407,922</b>	<b>1,759,289</b>	<b>1,816,946</b>	<b>1,816,946</b>	<b>1,816,946</b>	<b>1,964,414</b>	<b>2,255,876</b>	<b>2,442,228</b>
Employee costs	297,223	368,952	392,418	431,400	411,663	411,663	411,663	468,291	523,730	566,630
Remuneration of councillors	15,605	16,952	19,302	20,111	20,911	20,911	20,911	22,061	23,186	24,322
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	283,839	291,149	323,798	365,641
Finance charges	18,822	35,870	44,463	42,168	27,592	27,592	27,592	48,339	46,331	51,079
Materials and bulk purchases	211,512	300,328	372,330	420,387	422,945	422,945	422,946	461,094	502,679	547,855
Transfers and grants	-	-	-	-	20,150	20,150	20,150	45,005	47,972	51,061
Other expenditure	560,899	456,150	549,770	500,849	547,055	547,055	547,055	504,806	527,677	562,649
<b>Total Expenditure</b>	<b>1,300,953</b>	<b>1,461,688</b>	<b>1,670,366</b>	<b>1,703,255</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,840,745</b>	<b>1,995,373</b>	<b>2,169,236</b>
<b>Surplus/(Deficit)</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>853,380</b>	<b>299,529</b>	<b>204,321</b>	<b>541,568</b>	<b>523,096</b>	<b>523,096</b>	<b>523,096</b>	<b>597,286</b>	<b>645,729</b>	<b>739,719</b>
Transfers recognised - capital	584,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Public contributions & donations	15,593	5,143	2,886	4,500	9,346	9,346	9,346	9,000	-	-
Borrowing	130,940	70,140	33,130	137,330	59,971	59,971	59,971	87,541	10,437	81,347
Internally generated funds	122,284	97,287	68,597	78,457	139,117	139,117	139,117	164,545	209,098	268,459
<b>Total sources of capital funds</b>	<b>853,380</b>	<b>301,246</b>	<b>194,948</b>	<b>541,568</b>	<b>523,096</b>	<b>523,096</b>	<b>523,096</b>	<b>597,286</b>	<b>645,729</b>	<b>739,719</b>
<b>Financial position</b>										
Total current assets	271,198	147,130	141,558	217,264	211,570	211,570	211,570	304,322	390,025	510,851
Total non current assets	5,598,191	5,583,796	5,478,023	6,061,789	5,701,544	5,701,544	5,701,544	5,700,273	5,967,011	6,207,742
Total current liabilities	573,033	499,937	587,428	184,593	240,532	240,532	240,532	208,560	203,677	202,145
Total non current liabilities	148,712	329,815	393,423	459,311	336,261	336,261	336,261	388,057	384,063	379,869
Community wealth/Equity	5,147,644	4,901,174	4,638,729	5,635,148	5,336,320	5,336,320	5,336,320	5,407,979	5,769,297	6,136,579
<b>Cash flows</b>										
Net cash from (used) operating	(778,927)	247,384	180,315	400,448	461,107	461,107	461,107	526,771	704,672	766,368
Net cash from (used) investing	163,971	(312,476)	(188,808)	(515,432)	(432,718)	(432,718)	(432,718)	(503,403)	(598,314)	(697,584)
Net cash from (used) financing	(8,437)	137,046	28,511	204,868	51,316	51,316	51,316	72,740	(19,358)	53,131
Cash/cash equivalents at the year end	(56,180)	15,774	35,792	132,301	110,156	110,156	110,156	206,263	293,264	415,179
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	(44,439)	38,370	49,425	151,473	151,156	151,156	151,156	246,046	333,046	454,961
Application of cash and investments	435,010	289,027	406,880	109,764	98,576	98,576	98,576	132,891	130,604	127,120
Balance - surplus (shortfall)	(479,449)	(250,657)	(357,455)	41,709	52,581	52,581	52,581	113,155	202,442	327,841
<b>Asset management</b>										
Asset register summary (WDV)	5,585,390	5,560,509	5,463,757	6,042,617	5,660,544	5,660,544	5,660,491	5,660,491	5,927,229	6,167,960
Depreciation & asset impairment	196,892	283,437	292,083	288,339	283,839	283,839	291,149	291,149	323,798	365,641
Renewal of Existing Assets	253,869	67,866	43,869	252,877	234,405	234,405	234,405	328,673	302,840	313,071
Repairs and Maintenance	131,091	132,297	133,564	153,645	153,645	153,645	123,105	123,105	132,310	141,775
<b>Free services</b>										
Cost of Free Basic Services provided	27,813	27,813	27,813	50,764	50,764	50,764	118,881	118,881	126,874	134,951
Revenue cost of free services provided	120,431	120,431	120,431	152,994	152,994	152,994	348,149	348,149	357,223	366,058
<b>Households below minimum service level</b>										
Water:	48	48	48	57	57	57	60	60	63	66
Sanitation/sewage:	31	31	31	35	35	35	37	37	39	40
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	22	22	22	37	37	37	39	39	41	28

**Explanatory notes to Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - (a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - (b) Capital expenditure is balanced by capital funding sources, of which;
    - (i) Transfers recognised is reflected on the Financial Performance Budget;
    - (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
    - (iii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.
5. The section of Free Services shows that the amount spent on Free Basic Services by the municipality continues to increase while the revenue cost continues to decrease for the MTREF.
6. The total draft budget increase by R181 million (8.0%) to R2 438 billion in 2013/2014 financial year and increases by R652 million over the medium – term to R2 909 billion.
7. Operating expenditure budget increases by R107 million (6.1%) to R1 841 billion in 2013/2014 financial year and overall increases by R435 million to R2 169 billion over the medium- term.
8. Capital expenditure budget increases by R74 million (14.2%) to R597 million in 2013/2014 financial year and overall increases by R217 million to R740 million over the medium –term.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		471,566	497,880	574,273	937,452	1,002,286	1,002,286	1,082,469	1,241,592	1,342,160
Executive and council		–	25	117	6	6	6	7	8	8
Budget and treasury office		471,357	497,855	574,157	935,323	1,000,156	1,000,156	1,080,169	1,238,954	1,339,309
Corporate services		209	–	–	2,123	2,123	2,123	2,293	2,630	2,843
<i>Community and public safety</i>		140,919	76,841	15,022	40,323	34,442	34,442	40,048	48,947	56,615
Community and social services		1,245	833	711	17,060	17,060	17,060	18,424	21,133	22,844
Sport and recreation		120	50,563	10,638	–	–	–	–	–	–
Public safety		139,283	25,075	3,293	10,624	4,743	4,743	7,973	12,157	16,845
Housing		–	–	–	–	–	–	–	–	–
Health		272	369	381	12,639	12,639	12,639	13,650	15,657	16,925
<i>Economic and environmental services</i>		584,446	76,903	139,032	104,197	108,610	108,610	116,560	133,376	144,102
Planning and development		2,308	5,384	2,222	3,332	3,332	3,332	3,598	4,127	4,461
Road transport		582,138	71,519	136,810	100,865	105,278	105,278	112,962	129,249	139,641
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		419,322	597,913	679,595	677,317	671,608	671,608	725,337	831,961	899,350
Electricity		333,719	414,588	510,427	566,806	562,699	562,699	607,715	697,049	753,511
Water		31,085	85,059	65,351	35,563	34,339	34,339	37,086	42,538	45,984
Waste water management		12,657	52,203	50,943	17,135	15,726	15,726	16,984	19,481	21,059
Waste management		41,861	46,063	52,873	57,813	58,843	58,843	63,551	72,893	78,797
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	2	1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	1,964,414	2,255,876	2,442,228
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		269,589	264,801	307,452	311,645	268,237	268,237	281,649	304,181	328,516
Executive and council		139,917	24,744	27,481	39,967	64,124	64,124	67,330	72,716	78,534
Budget and treasury office		61,290	240,058	279,972	200,574	94,333	94,333	99,050	106,974	115,532
Corporate services		68,382	–	–	71,104	109,780	109,780	115,269	124,491	134,450
<i>Community and public safety</i>		253,193	270,778	258,290	348,075	216,986	216,986	227,835	246,062	265,747
Community and social services		124,412	43,566	40,802	176,261	31,539	31,539	33,116	35,765	38,626
Sport and recreation		13,986	155,630	149,802	66,717	114,753	114,753	120,490	130,129	140,540
Public safety		99,287	63,749	58,173	84,254	66,749	66,749	70,087	75,694	81,749
Housing		4,590	–	–	8,658	3,945	3,945	4,143	4,474	4,832
Health		10,918	7,832	9,513	12,185	–	–	–	–	–
<i>Economic and environmental services</i>		548,971	248,014	287,889	592,631	451,560	451,560	494,019	540,909	598,415
Planning and development		26,022	55,389	48,797	17,862	24,870	24,870	26,114	28,203	30,459
Road transport		522,193	192,625	238,603	571,000	425,684	425,684	466,850	511,566	566,725
Environmental protection		756	–	489	3,769	1,005	1,005	1,056	1,140	1,231
<i>Trading services</i>		225,196	678,095	814,238	449,274	795,434	795,434	835,205	902,022	974,183
Electricity		205,774	367,005	456,819	384,535	459,808	459,808	482,799	521,423	563,137
Water		1,079	99,910	170,385	13,603	133,758	133,758	140,446	151,681	163,816
Waste water management		1,658	113,985	70,523	11,535	94,217	94,217	98,928	106,842	115,390
Waste management		16,684	97,195	116,511	39,600	107,650	107,650	113,033	122,075	131,841
<i>Other</i>	4	4,004	0	2,497	1,630	1,939	1,939	2,036	2,199	2,375
<b>Total Expenditure - Standard</b>	3	1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,840,745	1,995,373	2,169,236
<b>Surplus/(Deficit) for the year</b>		315,300	(212,152)	(262,445)	56,035	82,790	82,790	123,669	260,503	272,992

**Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) does balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the municipality will be undertaking a detailed

study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

**Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>										
<b>Revenue by Vote</b>	<b>1</b>									
COUNCIL		–	25	117	–	–	–	–	–	–
OFFICE OF COUNCIL		198,406	–	–	6	6	6	7	8	8
OFFICE OF THE CHIEF WHIP		–	–	–	–	–	–	–	–	–
PLANNING, PERFORMANCE & MONITORING		–	–	–	–	–	–	–	–	–
OFFICE OF THE MUNICIPAL MANAGER		51,588	–	–	–	–	–	–	–	–
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–
FINANCIAL SERVICES		446,665	497,855	576,654	930,611	988,268	988,268	1,070,180	1,230,508	1,333,883
TRANSVERSAL SERVICES		–	–	–	–	–	–	–	–	–
CORPORATE SERVICES		1,973	–	–	1,006	1,006	1,006	1,087	1,246	1,347
COMMUNITY SERVICES		146,873	122,904	67,895	176,114	176,114	176,114	190,203	218,163	235,834
MUNICIPAL PLANNING & DEVELOPMENT		49,191	5,384	2,222	5,406	5,406	5,406	5,838	6,697	7,239
TECHNICAL SERVICES		721,557	623,368	761,034	646,147	646,147	646,147	697,099	799,254	863,917
0		–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	<b>2</b>	<b>1,616,253</b>	<b>1,249,536</b>	<b>1,407,922</b>	<b>1,759,289</b>	<b>1,816,946</b>	<b>1,816,946</b>	<b>1,964,414</b>	<b>2,255,876</b>	<b>2,442,228</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
COUNCIL		68,732	24,744	27,481	7,685	20,436	20,436	21,458	23,175	25,029
OFFICE OF COUNCIL		49,094	–	–	27,495	16,987	16,987	17,837	19,263	20,805
OFFICE OF THE CHIEF WHIP		9,819	–	–	963	–	–	–	–	–
PLANNING, PERFORMANCE & MONITORING		8,668	–	–	18,258	20,668	20,668	21,701	23,437	25,312
OFFICE OF THE MUNICIPAL MANAGER		8,097	–	489	15,449	18,676	18,676	19,610	21,179	22,873
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		1,357	–	–	(703)	2,297	2,297	2,412	2,605	2,813
FINANCIAL SERVICES		61,290	240,058	282,469	210,874	203,124	203,124	213,280	232,863	260,399
TRANSVERSAL SERVICES		2,121	–	–	4,871	5,384	5,384	5,654	6,106	6,594
CORPORATE SERVICES		58,003	–	–	46,057	48,816	48,816	51,257	55,358	59,786
COMMUNITY SERVICES		271,277	367,973	374,801	394,203	389,094	389,094	408,549	441,233	476,531
MUNICIPAL PLANNING & DEVELOPMENT		105,175	55,389	48,797	53,497	54,065	54,065	56,768	61,310	66,214
TECHNICAL SERVICES		657,319	773,524	936,330	924,604	954,608	954,608	1,022,220	1,108,846	1,202,880
0		–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>1,300,953</b>	<b>1,461,688</b>	<b>1,670,367</b>	<b>1,703,255</b>	<b>1,734,156</b>	<b>1,734,156</b>	<b>1,840,745</b>	<b>1,995,373</b>	<b>2,169,236</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>315,300</b>	<b>(212,152)</b>	<b>(262,445)</b>	<b>56,035</b>	<b>82,790</b>	<b>82,790</b>	<b>123,669</b>	<b>260,503</b>	<b>272,992</b>

**Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This shows that some departments within the municipality are not revenue generating departments and therefore such departments will always have deficits where their expenditures exceed revenue, but the revenue generating departments will have revenue higher than the expenditure at department level which later contributes to the overall surplus of the municipality.

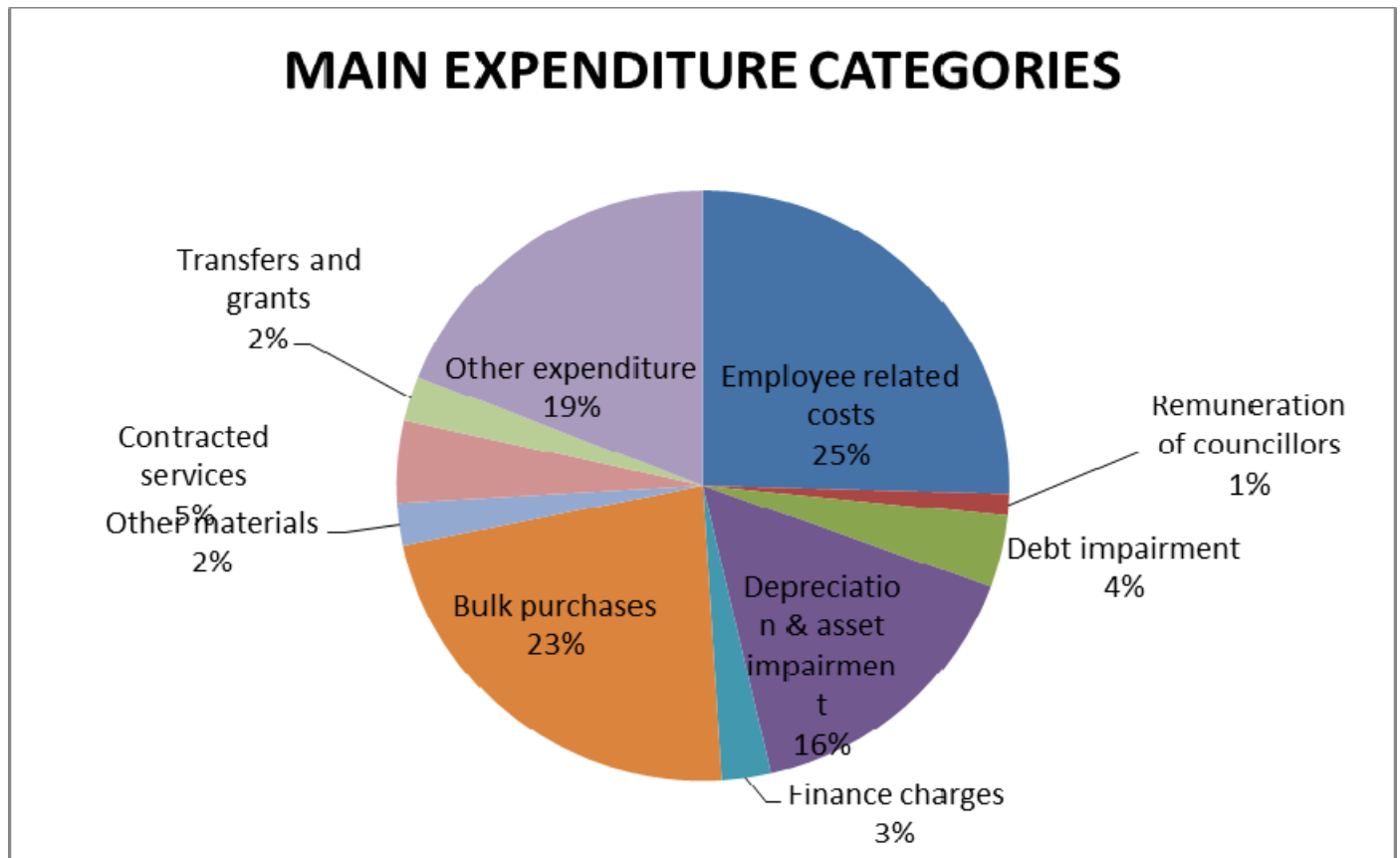
**Table A4 - Budgeted Financial Performance (revenue and expenditure)**

MP322 Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>										
Property rates	155 406	187 192	197 865	239 445	246 745	246 745	246 745	281 185	310 463	346 037
Service charges - electricity revenue	227 314	328 997	400 935	525 034	491 034	491 034	491 034	565 108	643 173	743 855
Service charges - water revenue	18 428	18 176	18 101	23 250	21 519	21 519	21 519	28 744	32 075	36 105
Service charges - sanitation revenue	12 886	12 657	12 644	13 577	15 377	15 377	15 377	17 214	19 208	21 605
Service charges - refuse revenue	38 306	41 861	45 782	52 700	51 410	51 410	51 410	57 813	65 184	74 525
Rental of facilities and equipment	1 596	1 412	24 220	23 064	14 047	14 047	14 047	19 441	21 560	22 913
Interest earned - external investments	41 267	16 390	7 729	4 301	4 019	4 019	4 019	4 019	4 019	4 019
Interest earned - outstanding debtors	30 810	24 027	18 625	18 339	15 521	15 521	15 521	18 954	21 195	23 704
Fines	4 557	3 023	3 079	3 742	2 162	2 162	2 162	3 742	4 117	4 488
Licences and permits	6	9	6	5 299	6 299	6 299	6 299	5 299	6 093	7 007
Agency services	18 834	20 137	20 663	71 688	71 688	71 688	71 688	87 272	95 999	105 599
Transfers recognised - operational	179 798	397 738	314 329	298 622	298 997	298 997	298 997	320 607	351 912	387 174
Other revenue	625 767	564 371	164 746	318 674	351 361	351 361	351 361	349 893	402 073	308 986
Gains on disposal of PPE	-	263	5 126	9 555	9 555	9 555	9 555	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 354 976</b>	<b>1 616 253</b>	<b>1 233 850</b>	<b>1 607 288</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 599 731</b>	<b>1 759 289</b>	<b>1 977 071</b>	<b>2 086 017</b>
<b>Expenditure By Type</b>										
Employee related costs	242 642	297 223	368 952	385 974	386 418	386 418	386 418	431 400	489 728	529 472
Remuneration of councillors	13 811	15 605	16 952	18 673	18 973	18 973	18 973	20 111	21 116	22 172
Debt impairment	101 931	51 063	8 993	68 318	84 181	84 181	84 181	76 009	85 613	72 968
Depreciation & asset impairment	282 854	196 892	284 000	352 484	285 484	285 484	285 484	288 339	290 646	292 971
Finance charges	11 517	18 822	35 869	41 467	37 429	37 429	37 429	42 168	41 943	59 140
Bulk purchases	171 599	211 512	272 998	323 521	335 443	335 443	335 443	380 728	434 943	489 811
Other materials	-	-	-	34 315	31 016	31 016	31 016	19 599	19 599	23 891
Contracted services	95 202	174 467	172 951	172 306	158 751	158 751	158 751	86 819	91 681	96 265
Other expenditure	187 637	335 370	273 132	190 819	214 911	214 911	214 911	358 082	379 835	397 572
Loss on disposal of PPE	37	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1 107 229</b>	<b>1 300 953</b>	<b>1 433 847</b>	<b>1 587 876</b>	<b>1 552 607</b>	<b>1 552 607</b>	<b>1 552 607</b>	<b>1 703 255</b>	<b>1 855 104</b>	<b>1 984 263</b>
<b>Surplus/(Deficit)</b>	<b>247 746</b>	<b>315 300</b>	<b>(199 997)</b>	<b>19 411</b>	<b>47 125</b>	<b>47 125</b>	<b>47 125</b>	<b>56 035</b>	<b>121 967</b>	<b>101 754</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

- The municipality will receive most of its revenue from service charge (electricity, water, sewerage and refuse removal services) amounting to R730 million indicating an increase of R67 million (9.8%) in 2013/2014 financial year and increases to R901 million over the medium-term. The revenue from electricity service charge remains relatively high at R616 million (31%) of the total operating revenue budget and other services charge contributes 5.8%.
- The revenue from property rates will amount to R306 million after taking into account rates rebates in terms of the rates policy amounting to R133 million in 2013/2014 financial year and increases to R373 million over the medium-term. The property rates revenue contributes about 16% of the total operating revenue budget.
- Operating grants allocation comprising of equitable share and other small grants contributes 18% to the total operating revenue budget and will amount to R356 million in 2013/2014 financial year.

4. Revenue to be recognised from conditional grants after the grants have been utilized for the intended purpose will amount to R391 million, contributing 20% to the total operating revenue budget.
5. The following graph illustrates the major expenditure items per type



The employees' remuneration cost will be R468 million in 2013/2014 financial year due to an increase of R57 million (13.8%) and the expenditure to the total operating revenue budget, excluding conditional grants is 30%. The employees remuneration cost will increase to R567 million in 2015/2016 financial year and the expenditure to the total operating budget will be 29%. Included in the employees remuneration cost budget is amount of R53 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and will increase to R418 million due to an average increase of 9% granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2013.

The depreciation cost will be R291 million make up 16% of the total operating expenditure and is about 5% of the total assets carrying value of R5 321 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The other expenditure increases by 31%% to R372 million in 2013/2014 and the overall increase over the medium-term is R134 million (47%) to R418 million in 2015/2016 financial year. The increase on the

other expenditure is due to the allocation of R98 million and in total R315 million for funding of operational programmes in line with the municipal development priorities and breakdown of the total expenditure for operating programmes per municipal development priorities is as tabulated below;

Due to inadequate payment of municipal accounts, provision has been made for impairment of debts amounting to R73 million in 2013/2014 financial year. The provision for debt impairment represents about 7% of the total revenue to be generated from property rates and services charge such as electricity, water, refuse removal and sewerage.

The municipality has allocated an amount of R148 million in the 2013/2014 financial year for provision of free basic services. The following free basic services will be provided in accordance with the criteria set on the indigent policy of the municipality;



**Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
COUNCIL		474	-	-	-	3,275	3,275	3,275	-	-	-
OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		91	-	-	4,870	7,532	7,532	7,532	9,200	13,100	13,000
OFFICE OF THE MUNICIPAL MANAGER		1,693	1,777	1,866	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	500	300	400
FINANCIAL SERVICES		697	732	769	9,500	8,200	8,200	8,200	9,450	7,650	7,200
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		1,910	2,006	2,106	5,000	5,323	5,323	5,323	12,690	13,470	8,030
COMMUNITY SERVICES		124,044	47,246	49,608	26,367	26,237	26,237	26,237	36,439	59,522	82,787
MUNICIPAL PLANNING & DEVELOPMENT		33,381	11,050	11,603	17,050	5,424	5,424	5,424	24,890	34,431	67,360
TECHNICAL SERVICES		691,091	238,434	128,997	329,844	333,045	333,045	333,045	265,926	415,184	365,501
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	853,380	301,246	194,948	392,631	389,037	389,037	389,037	359,095	543,657	544,279
<b>Single-year expenditure to be appropriated</b>	2										
COUNCIL		-	-	-	-	-	-	-	-	-	-
OFFICE OF COUNCIL		-	-	-	850	850	850	850	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		-	-	-	-	-	-	-	1,500	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
FINANCIAL SERVICES		-	-	-	200	200	200	200	3,000	-	-
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		-	-	-	1,090	1,090	1,090	1,090	2,500	1,800	2,700
COMMUNITY SERVICES		-	-	-	19,140	19,140	19,140	19,140	11,500	15,000	31,000
MUNICIPAL PLANNING & DEVELOPMENT		-	-	-	13,250	6,736	6,736	6,736	4,000	-	-
TECHNICAL SERVICES		-	-	-	114,407	106,043	106,043	106,043	215,691	85,272	161,740
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	148,937	134,059	134,059	134,059	238,191	102,072	195,440
<b>Total Capital Expenditure - Vote</b>		853,380	301,246	194,948	541,568	523,096	523,096	523,096	597,286	645,729	739,719
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		4,865	9,100	15,172	22,970	23,574	23,574	23,574	22,140	21,120	15,230
Executive and council		2,166	-	-	-	11,800	11,800	11,800	-	-	-
Budget and treasury office		697	2,461	15,172	5,400	4,881	4,881	4,881	9,450	7,650	7,200
Corporate services		2,001	6,639	-	17,570	6,893	6,893	6,893	12,690	13,470	8,030
<b>Community and public safety</b>		124,044	26,103	21,831	46,357	35,841	35,841	35,841	37,839	40,086	42,078
Community and social services		100,736	2,663	16,065	36,380	11,017	11,017	11,017	13,015	14,021	16,013
Sport and recreation		-	13,181	134	6,000	16,283	16,283	16,283	16,283	17,097	17,097
Public safety		23,308	10,259	5,632	3,977	8,541	8,541	8,541	8,541	8,968	8,968
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		97,787	62,605	76,535	214,166	237,481	237,481	237,481	298,820	358,049	316,423
Planning and development		33,381	784	1,373	18,350	11,847	11,847	11,847	12,439	12,439	12,439
Road transport		64,406	61,821	75,162	195,816	225,635	225,635	225,635	286,381	345,610	303,984
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		127,222	201,721	90,783	258,075	226,199	226,199	226,199	238,487	226,474	365,988
Electricity		28,130	58,189	22,536	56,731	47,736	47,736	47,736	40,447	23,354	53,417
Water		99,092	100,226	42,209	130,989	90,131	90,131	90,131	147,240	171,223	244,125
Waste water management		-	-	-	50,755	83,124	83,124	83,124	35,039	6,000	18,150
Waste management		-	43,306	26,039	19,600	5,208	5,208	5,208	15,761	25,897	50,297
<b>Other</b>		499,462	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	853,380	299,529	204,321	541,568	523,096	523,096	523,096	597,286	645,729	739,719
<b>Funded by:</b>											
National Government		578,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Provincial Government		6,000	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	584,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Public contributions & donations	5	15,593	5,143	2,886	4,500	9,346	9,346	9,346	9,000	-	-
Borrowing	6	130,940	70,140	33,130	137,330	59,971	59,971	59,971	87,541	10,437	81,347
Internally generated funds		122,284	97,287	68,597	78,457	139,117	139,117	139,117	164,545	209,098	268,459
<b>Total Capital Funding</b>	7	853,380	301,246	194,948	541,568	523,096	523,096	523,096	597,286	645,729	739,719

### Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R359 million has been allocated of the total R597 million capital budget, which totals 60%. This allocation escalates to R543 million in 2014/15 and R544 million in 2015/16.
3. Single-year capital expenditure has been appropriated at R238 million for the 2013/14 to R298 million in 2015/16.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The allocation of the capital funding on projects was based on the municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).
6. The municipality will be spending in the next three years R1 477 billion (74%) of the total capital expenditure budget) on services infrastructure development to address backlogs in terms of;
  - Allocation for bulk water amounts to R294 million which will be given MEGA for the upgrade of the Karino and Nyongane Bulk Water Schemes – R81 million has been allocated for 2013/2014 financial year;
  - Allocation for renewal and construction of new water reticulation networks amounts to R268 million over the medium-term – R66 million has been allocated for 2013/2014 financial year;
  - Allocation for renewal and construction of new roads and stormwater systems amounts to R371 million over the medium-term – R124 million has been allocated for 2013/2014 financial year;
  - Allocation for renewal and construction of new electricity infrastructure amounts to R116 million over the medium-term – R40 million has been allocated for 2013/2014 financial year;
  - Allocation for provision of decent sanitation and upgrade of existing wastewater and sewerage networks amounts to R59 million over the medium-term – R35 million has been allocated for 2013/2014 financial year; and
  - Allocation for new public transport infrastructure amounts to R368 million over the medium-term – R108 million has been allocated for 2013/2014 financial year.
7. According to the agreement entered into with MEGA for the provision of the bulk water infrastructure R370 million over the next three financial years is required for the projects however the municipality is able to provide R294 million over the same period.

And therefore a shortfall of R76 million has been identified which requires to be sourced through engagement of the other spheres of government and other authorities.

For instance the Department of Water and Environmental Affairs (DWEA) has allocated an amounting to R35 million over the medium-term for the upgrade of the Nyongane Water Scheme which the implementing agent for this project is Ehlanzeni District Municipality. It will sensible to request the

DWEA contribute the R35 million towards this programme and that will bring the shortfall to R41 million.

Draft Capital Expenditure Budget per Municipal Priority

<b>MUNICIPAL PRIORITY</b>	<b>2013/2014 BUDGET FORECAST</b>	<b>2014/2015 BUDGET ESTIMATE</b>	<b>2015/2016 BUDGET ESTIMATE</b>	<b>BUDGET %</b>
Water Supply	R 147,240,004	R 171,223,032	R 244,124,596	25%
Road Infrastructure development and Stormwater	R 123,742,553	R 121,599,335	R 124,711,450	21%
Public Transport	R 108,563,158	R 171,122,170	R 87,909,000	18%
Electricity Supply and Management	R 40,447,368	R 23,353,947	R 53,416,667	7%
Community Development	R 37,657,544	R 46,322,895	R 54,870,000	6%
Sanitation/Sewerage	R 35,038,596	R 6,000,000	R 18,150,000	6%
Good governance and Public Participation	R 33,110,000	R 33,630,000	R 26,180,000	6%
Economic Development	R 21,845,371	R 22,609,420	R 36,660,582	4%
Waste and Environment Management	R 15,760,605	R 25,897,017	R 50,296,596	3%
Intergrated Human Settlements	R 10,530,638	R 9,016,256	R 24,298,297	2%
Rural Development	R 9,900,000	R 2,805,270	R 6,201,600	2%
Financial Management and Viability	R 8,750,000	R 7,350,000	R 7,200,000	1%
Revenue Enhancement	R 4,700,000	R 4,800,000	R 5,500,000	1%
<b>Grand Total</b>	<b>R 597,285,838</b>	<b>R 645,729,341</b>	<b>R 739,718,787</b>	<b>100%</b>

Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	25 864 540	15 773	35 792	132 301	110 156	110 156	110 156	206 263	293 264	415 179
Consumer debtors	47 382	72 165	79 701	53 408	69 859	69 859	69 859	67 763	64 042	60 336
Other debtors	183 386	44 946	11 120	15 961	15 961	15 961	15 961	15 274	16 496	17 816
Current portion of long-term receivables	–	254	65	–	–	–	–	–	–	–
Inventory	14 564 714	13 992	14 880	15 594	15 594	15 594	15 594	15 021	16 223	17 521
<b>Total current assets</b>	<b>271 198</b>	<b>147 130</b>	<b>141 558</b>	<b>217 264</b>	<b>211 570</b>	<b>211 570</b>	<b>211 570</b>	<b>304 322</b>	<b>390 025</b>	<b>510 851</b>
<b>Non current assets</b>										
Long-term receivables	1 059 679	480	633	–	–	–	–	–	–	–
Investments	11 741 844	22 597	13 633	19 171	41 000	41 000	41 000	39 782	39 782	39 782
Investment property	404 441 230	352 913	341 310	401 473	401 473	401 473	401 473	339 857	339 857	339 857
Investment in Associate			–							
Property, plant and equipment	5 178 103	5 200 203	5 115 111	5 641 144	5 259 071	5 259 071	5 259 071	5 320 634	5 587 372	5 828 103
Intangible	2 846	7 603	7 336					–		
<b>Total non current assets</b>	<b>5 598 191</b>	<b>5 583 796</b>	<b>5 478 023</b>	<b>6 061 789</b>	<b>5 701 544</b>	<b>5 701 544</b>	<b>5 701 544</b>	<b>5 700 273</b>	<b>5 967 011</b>	<b>6 207 742</b>
<b>TOTAL ASSETS</b>	<b>5 869 389</b>	<b>5 730 925</b>	<b>5 619 580</b>	<b>6 279 052</b>	<b>5 913 114</b>	<b>5 913 114</b>	<b>5 913 114</b>	<b>6 004 595</b>	<b>6 357 037</b>	<b>6 718 594</b>

### Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

### Table A7 - Budgeted Cash Flow Statement

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other	156 534	940 502	1 039 707	1 227 225	1 087 490	1 087 490	1 087 490	1 140 540	1 275 432	1 421 672
Government - operating	397 738	320 683	375 143	320 607	358 499	358 499	358 499	355 505	401 723	473 323
Government - capital	528 045	122 033	89 511	248 523	309 671	309 671	309 671	390 636	505 617	465 792
Interest	40 417	26 354	28 020	—	2 647	2 647	2 647	5 225	5 852	6 554
<b>Payments</b>										
Suppliers and employees	(1 882 840)	(1 126 318)	(1 307 602)	(1 355 846)	(1 258 483)	(1 258 483)	(1 258 483)	(1 308 625)	(1 428 110)	(1 538 965)
Finance charges	(18 822)	(35 869)	(44 463)	(40 060)	(17 666)	(17 666)	(17 666)	(34 198)	(32 190)	(36 937)
Transfers and Grants	—	—	—	—	(21 050)	(21 050)	(21 050)	(22 313)	(23 652)	(25 071)
<b>NET CASH FROM/(USED) OPERATING</b>	<b>(778 927)</b>	<b>247 384</b>	<b>180 315</b>	<b>400 448</b>	<b>461 107</b>	<b>461 107</b>	<b>461 107</b>	<b>526 771</b>	<b>704 672</b>	<b>766 368</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE	—	—	—	—	314	314	314	(2 500)	(1 400)	(1 568)
Decrease (increase) other non-current	(85)	580	(153)	—	—	—	—	69 369	48 558	43 702
Decrease (increase) in non-current	8 276	(4 734)	15 666	—	—	—	—	—	—	—
<b>Payments</b>										
Capital assets	155 780	(308 322)	(204 321)	(515 432)	(433 032)	(433 032)	(433 032)	(570 273)	(645 472)	(739 719)
<b>NET CASH FROM/(USED) INVESTING</b>	<b>163 971</b>	<b>(312 476)</b>	<b>(188 808)</b>	<b>(515 432)</b>	<b>(432 718)</b>	<b>(432 718)</b>	<b>(432 718)</b>	<b>(503 403)</b>	<b>(598 314)</b>	<b>(697 584)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans	—	—	—	121 500	60 000	60 000	60 000	—	—	—
Borrowing long term/refinancing	272	137 202	28 671	100 000	67 940	67 940	67 940	90 000	—	80 000
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—
<b>Payments</b>										
Repayment of borrowing	(8 709)	(156)	(160)	(16 633)	(76 624)	(76 624)	(76 624)	(17 260)	(19 358)	(26 869)
<b>NET CASH FROM/(USED) FINANCING</b>	<b>(8 437)</b>	<b>137 046</b>	<b>28 511</b>	<b>204 868</b>	<b>51 316</b>	<b>51 316</b>	<b>51 316</b>	<b>72 740</b>	<b>(19 358)</b>	<b>53 131</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(623 393)</b>	<b>71 954</b>	<b>20 019</b>	<b>89 884</b>	<b>79 705</b>	<b>79 705</b>	<b>79 705</b>	<b>96 107</b>	<b>87 000</b>	<b>121 915</b>
Cash/cash equivalents at the year b	<b>567 213</b>	<b>(56 180)</b>	<b>15 774</b>	<b>42 418</b>	<b>30 452</b>	<b>30 452</b>	<b>30 452</b>	<b>110 156</b>	<b>206 263</b>	<b>293 264</b>
Cash/cash equivalents at the year e	<b>(56 180)</b>	<b>15 774</b>	<b>35 792</b>	<b>132 301</b>	<b>110 156</b>	<b>110 156</b>	<b>110 156</b>	<b>206 263</b>	<b>293 264</b>	<b>415 179</b>

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The above table reflects that the municipality will be able to improve its cashflow position by 53% to R206 million in 2013/2014 from R110 million in 2012/2013 and increase to R415 million in 2015/2016 financial year.
5. The cash inflows will be generated from operating activities amounting to R1 892 billion, investing activities amounting to RR49 million and financing activities amounting to R90 million.
6. The cash received will be utilised for operating activities amounting to R1 365 billion, investing (capital expenditure) activities amounting to R570 million and financing activities (repayment of borrowings) amounting to R17 million.
7. The cash of R206 million to be retained at the end of the financial year will be for the following purposes;

<b>Contribution to Capital Replacement Reserve</b>	<b>-R 39,288,274</b>
<b>Contribution to Provisions</b>	<b>-R 9,822,068</b>
<b>Cash and Cash Equivalents - Working Capital</b>	<b>-R 157,153,096</b>

**Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<b>Cash and Investments available</b>											
Cash/cash equivalents at the year end	1	(58 180)	15 774	35 792	132 301	110 158	110 158	110 158	206 283	283 284	415 179
Other current investments > 90 days		(0)	(0)	(0)	-	-	-	-	-	-	-
Non current assets - investments	1	1 742	22 587	13 833	19 171	41 000	41 000	41 000	36 782	36 782	36 782
<b>Cash and Investments available:</b>		<b>(44 438)</b>	<b>38 370</b>	<b>49 425</b>	<b>161 473</b>	<b>151 158</b>	<b>151 158</b>	<b>151 158</b>	<b>248 048</b>	<b>333 048</b>	<b>454 961</b>
<b>Application of cash and Investments</b>											
Unspent conditional transfers		137 632	128 829	158 783	33 000	33 000	33 000	33 000	46 019	35 000	25 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	2	287 379	100 097	248 098	75 601	94 473	94 473	94 473	84 872	95 004	102 120
Other provisions					1 103	1 103	1 103	1 103			
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and Investments:</b>		<b>435 010</b>	<b>289 027</b>	<b>406 880</b>	<b>109 764</b>	<b>98 576</b>	<b>98 576</b>	<b>98 576</b>	<b>132 891</b>	<b>130 604</b>	<b>127 120</b>
<b>Surplus(shortfall):</b>		<b>(479 448)</b>	<b>(250 657)</b>	<b>(357 455)</b>	<b>41 709</b>	<b>52 581</b>	<b>52 581</b>	<b>52 581</b>	<b>113 155</b>	<b>202 442</b>	<b>327 841</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
7. As can be seen the budget has been modeled to progressively move from a surplus of R53 million in 2012/13 to R328 million by 2015/16.

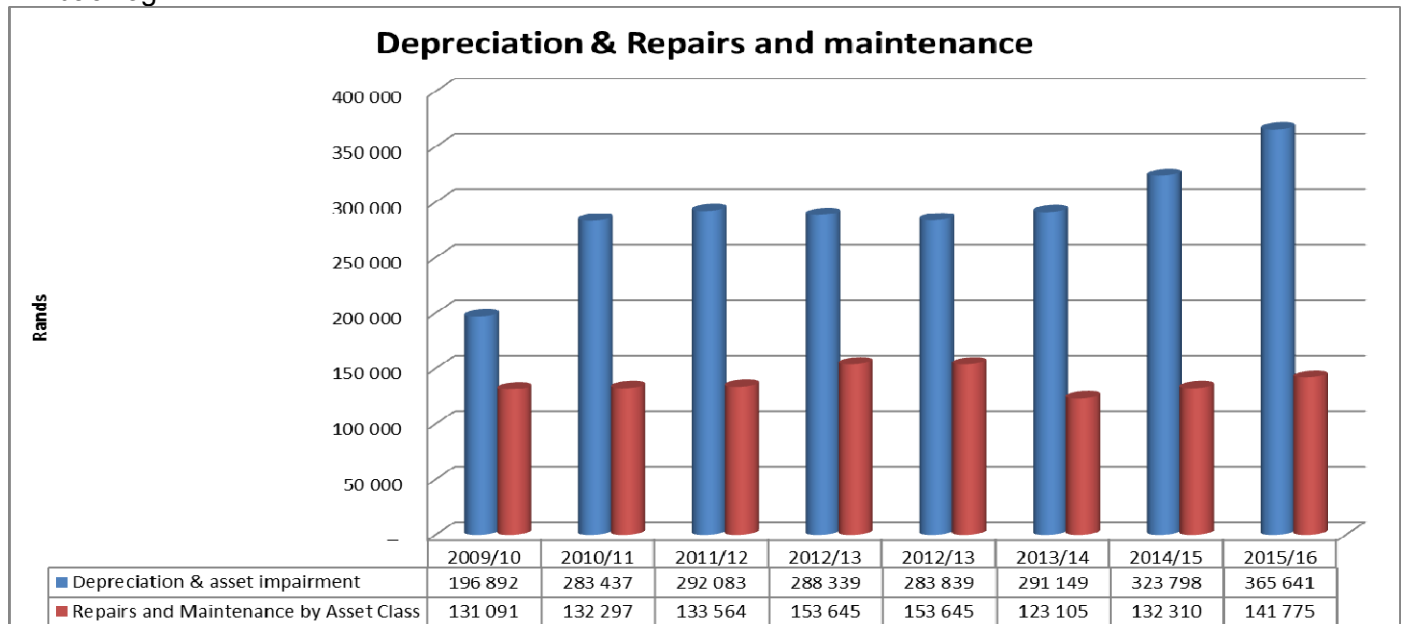
### Table A9 - Asset Management

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	250,714	210,714	99,725	335,564	335,564	335,564	317,330	394,547	480,879
Infrastructure - Road transport		221,812	181,812	80,822	276,314	276,314	276,314	255,117	329,224	412,290
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	500	500	500	525	551	579
Infrastructure - Sanitation		28,902	28,902	18,902	58,750	58,750	58,750	61,688	64,772	68,010
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		250,714	210,714	99,725	335,564	335,564	335,564	317,330	394,547	480,879
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
Agricultural Assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	320,153	68,147	40,153	318,169	292,647	292,647	469,457	451,471	464,222
Infrastructure - Road transport		244,639	58,636	34,639	243,647	191,845	191,845	290,285	265,950	274,337
Infrastructure - Electricity		3,000	3,000	3,000	3,000	-	-	71,191	72,140	70,836
Infrastructure - Water		-	-	-	-	-	-	4,277	4,491	4,716
Infrastructure - Sanitation		72,514	6,511	2,514	71,522	100,802	100,802	103,704	108,889	114,333
Infrastructure - Other		-	-	-	-	-	-	-	-	-
0		320,153	68,147	40,153	318,169	292,647	292,647	469,457	451,471	464,222
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
Agricultural Assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
Infrastructure - Road transport		466,451	240,448	115,461	519,961	468,159	468,159	545,402	595,174	686,627
Infrastructure - Electricity		3,000	3,000	3,000	3,000	-	-	71,191	72,140	70,836
Infrastructure - Water		-	-	-	500	500	500	4,802	5,042	5,295
Infrastructure - Sanitation		101,417	35,414	21,417	130,272	159,552	159,552	165,391	173,661	182,344
Infrastructure - Other		-	-	-	-	-	-	-	-	-
0		570,868	278,862	139,878	653,733	628,211	628,211	786,786	846,017	945,101
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class										
	2	570,868	278,862	139,878	653,733	628,211	628,211	786,786	846,017	945,101
ASSET REGISTER SUMMARY - PPE (WDV)										
	5									
Infrastructure - Road transport		2,367,917	1,153,295	1,120,929	1,550,374	1,394,574	1,394,574	1,452,156	1,410,025	1,415,251
Infrastructure - Electricity		430,501	475,121	477,591	511,825	511,825	511,825	537,416	554,821	560,422
Infrastructure - Water		1,385,908	1,031,087	1,037,938	1,347,613	1,121,340	1,121,340	1,177,407	1,254,815	1,352,481
Infrastructure - Sanitation		207,427	582,518	572,516	578,964	578,964	578,964	607,912	609,152	615,245
Infrastructure - Other		182,091	-	-	601,355	199,883	199,883	209,877	215,422	220,152
0		4,573,844	3,242,021	3,208,974	4,590,131	3,806,585	3,806,585	2,534,064	4,044,236	4,163,552
0		527,920	1,268,811	1,198,731	1,051,013	1,452,486	1,452,486	1,335,866	1,534,851	1,652,485
0		77	-	-	-	-	-	-	-	-
0		11,742	22,597	13,633	19,171	41,000	41,000	39,782	39,782	39,782
Agricultural Assets		76,263	689,161	707,406	-	-	-	-	8,285	12,066
Agricultural Assets		5,178,103	5,200,203	5,115,111	5,641,144	5,259,071	5,259,071	5,320,634	5,587,372	5,828,103
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)										
	5	10,367,948	10,422,793	10,243,855	11,301,460	10,559,142	10,559,142	9,230,346	11,214,526	11,695,988
EXPENDITURE OTHER ITEMS										
<u>Debt impairment</u>		51,063	8,993	55,364	76,009	70,737	70,737	72,507	68,651	76,454
<u>Repairs and Maintenance by Asset Class</u>	3	142,974	143,465	143,981	149,525	149,525	149,525	90,847	97,620	104,582
Infrastructure - Road transport		107,397	107,888	108,404	117,981	117,981	117,981	76,968	82,667	88,523
Infrastructure - Electricity		13,358	13,358	13,358	9,513	9,513	9,513	11,748	12,659	13,597
Infrastructure - Water		11,452	11,452	11,452	7,503	7,503	7,503	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		10,767	10,767	10,767	14,528	14,528	14,528	2,131	2,294	2,462
0		142,974	143,465	143,981	149,525	149,525	149,525	90,847	97,620	104,582
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
Agricultural Assets	6, 7	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS										
		194,037	152,458	199,345	225,535	220,262	220,262	163,355	166,271	181,036
Renewal of Existing Assets as % of total capex		56.1%	24.4%	28.7%	48.7%	46.6%	46.6%	59.7%	53.4%	49.1%
Renewal of Existing Assets as % of deprechn"		627.0%	757.8%	72.5%	418.6%	413.7%	413.7%	647.5%	657.6%	607.2%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		4.0%	2.0%	2.0%	4.0%	4.0%	4.0%	6.0%	5.0%	5.0%



**Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. For the 2013/14 financial year, 62% or (R77 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 38% (R47 million), followed by Electricity totaling 19% (R24 million), infrastructure - other assets has been allocated 29% (R35 million) of total repairs and maintenance, Community at 9% (R11 million), water at 1.7% (R2 million), sanitation is at 1,7% (R2 million).
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.



**Table A10 - Basic Service Delivery Measurement**

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		58	58,014	58,014	72	71,933	71,933	75,530	79,306	83,271
Piped water inside yard (but not in dwelling)		68	68,362	68,362	87	87,331	87,331	91,698	96,282	101,097
Using public tap (at least min.service level)	2	47	46,874	46,874	49	49,217	49,217	51,678	54,262	56,975
Other water supply (at least min.service level)	4	6	6,498	6,498	7	6,823	6,823	7,164	7,522	7,898
<i>Minimum Service Level and Above sub-total</i>		179,748	179,748	179,748	215,304	215,304	215,304	226,069	237,373	249,241
Using public tap (< min.service level)	3	47	46,874	46,874	56	56,387	56,387	59,206	62,167	65,275
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		1	688	688	1	565	565	593	623	654
<i>Below Minimum Service Level sub-total</i>		47,562	47,562	47,562	56,952	56,952	56,952	59,800	62,790	65,929
<b>Total number of households</b>	5	227,310	227,310	227,310	272,256	272,256	272,256	285,869	300,162	315,170
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		59	59,123	59,123	78	77,667	77,667	81,550	85,628	89,909
Flush toilet (with septic tank)		4	4,123	4,123	1	749	749	749	749	749
Chemical toilet		7	7,287	7,287	9	8,731	8,731	9,168	9,626	10,107
Pit toilet (v entiled)		99	99,493	99,493	117	116,705	116,705	122,540	128,667	135,101
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		170,026	170,026	170,026	203,852	203,852	203,852	214,007	224,670	235,866
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		20	19,922	19,922	23	23,202	23,202	24,362	25,580	26,859
No toilet provisions		11	10,814	10,814	12	11,732	11,732	12,319	12,935	13,581
<i>Below Minimum Service Level sub-total</i>		30,736	30,736	30,736	34,934	34,934	34,934	36,681	38,515	40,440
<b>Total number of households</b>	5	200,762	200,762	200,762	238,786	238,786	238,786	250,688	263,185	276,307
<b>Energy:</b>										
Electricity (at least min.service level)		5	5,498	5,498	7	7,077	7,077	7,431	7,802	8,193
Electricity - prepaid (min.service level)		0	178	178	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
Electricity (< min.service level)		—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
<b>Total number of households</b>	5	5,676	5,676	5,676	7,077	7,077	7,077	7,431	7,802	8,193
<b>Refuse:</b>										
Removed at least once a week		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	—	—	—	—	—	—	—
Removed less frequently than once a week		10	9,744	9,744	15	15,281	15,281	16,045	16,847	17,690
Using communal refuse dump		2	2,121	2,121	7	7,416	7,416	7,787	8,176	8,565
Using own refuse dump		5	5,234	5,234	7	6,804	6,804	7,144	7,501	7,858
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		5	4,500	4,500	8	7,938	7,938	8,335	8,752	9,169
<i>Below Minimum Service Level sub-total</i>		21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	43,241
<b>Total number of households</b>	5	21,599	21,599	21,599	37,439	37,439	37,439	39,311	41,276	43,241
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Sanitation (free minimum level service)		6	5,625	5,625	10	10,215	10,215	85,584	85,584	85,584
Electricity/other energy (50kwh per household per month)		6	5,625	5,625	10	10,215	10,215	13,703	13,703	13,703
Refuse (removed at least once a week)		1	1,219	1,219	2	10,215	10,215	13,703	13,703	13,703
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		21,778	21,778	21,778	39,323	39,323	39,323	111,354	118,871	126,472
Sanitation (free sanitation service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		4,500	4,500	4,500	9,271	9,271	9,271	7,528	8,003	8,478
Refuse (removed once a week)		1,535	1,535	1,535	2,170	2,170	2,170	—	—	—
<b>Total cost of FBS provided (minimum social package)</b>		27,813	27,813	27,813	50,764	50,764	50,764	118,881	126,874	134,951
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)		—	—	—	—	—	—	—	—	—
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		—	—	—	—	—	—	—	—	—
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		3,019	3,019	3,019	4,981	4,981	4,981	5,304	5,649	6,016
Property rates (other exemptions, reductions and rebates)		77,651	77,651	77,651	108,690	108,690	108,690	128,128	136,857	145,325
Water		32,198	32,198	32,198	39,323	39,323	39,323	170,483	170,483	170,483
Sanitation		581	581	581	—	—	—	—	—	—
Electricity/other energy		5,355	5,355	5,355	—	—	—	44,233	44,233	44,233
Refuse		1,627	1,627	1,627	—	—	—	—	—	—
Municipal Housing - rental rebates		—	—	—	—	—	—	—	—	—
Housing - top structure subsidies		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Total revenue cost of free services provided (total social package)</b>	6	120,431	120,431	120,431	152,994	152,994	152,994	348,149	357,223	366,058

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. It is anticipated that these Free Basic Services will cost the municipality R119 million in 2013/14, increasing to R135 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.
2. In addition to the Free Basic Services, the Municipality also 'gives' households R348 million in free services in 2013/14, and it increases to R366 million in 2015/16. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget process overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2012) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 24 August 2012. Key dates applicable to the process were:

##### **(a) Planning Phase**

The Mayor tabled in Council the required the IDP and budget time schedule on 24 August 2012 Resolution (A4) The following process was followed during the review of MLM IDP and Budget for 2013/2014.

##### **(b) Analysis Phase**

Community based Planning (CBP) meetings took place during 26 September 2012 until 12 October 2012. The main aim of the meetings was to report on the municipality performance and achievements of the previous financial year and also to give the communities an opportunity to raise and confirm priority issues that need to be addressed within the next 2013/2014 financial year.

**(c) Strategy Phase**

A Mayoral Lekgotla was held from 31 October 2012 to 2 November 2012 to refine and confirm the municipal strategic objectives and priorities for 2013/2014 IDP Review based on the community needs as outlined in table 1.4.1 below and the national, provincial, district priorities.

The Lekgotla (Mayoral) which was attended by Executive, Mayor, Speaker, Chief Whip, MMCs (political office bearers), Chairpersons of Section 79 Oversight Committees, Municipal Manager, General Managers and Senior Managers also reviewed the municipal performance from 2011 to 2012 and re-confirmed the municipality's IDP development priorities, namely water supply, road infrastructure development and storm water, electricity supply and management, integrated human settlement, good governance and public participation, sanitation/sewerage, community development, rural development, economic development, waste management and greening, financial management and viability, public transport and 2010 legacy. It was further agreed that revenue enhancement must also be added as one of the priorities.

**(d) Project Phase**

On 26 to 27 November 2012 and 25 to 26 February 2013, the municipality held the Technical Lekgotla comprising of Municipal Manager, General Managers (GM), Senior Managers (SM), Managers and Planners to identify projects that must be prioritised in the 2013/2014 IDP Review, informed by the Mayoral Lekgotla resolutions and community priorities.

A follow up Mayoral Lekgotla was held from the 11 to 13 March 2013, to finalise the draft IDP and Budget for 2013/2014 financial year.

**(e) Integration Phase**

During the finalisation of IDP projects, the municipality considered programmes from sector departments and other governmental parastatals such as ESKOM, and the projects have been included in Chapter 6 of this IDP.

The municipality has approved the Spatial Development Framework (SDF) to guide all the future development, and is in the process of developing and reviewing the key sector plans that will assist in achieving the constitutional obligations. The sector plans amongst others include the Long term strategic plan (Vision 2030), Local Economic Development Strategy, Environmental Management Framework, Integrated Waste Management Plan, Comprehensive Infrastructure Plan and Disaster Management Plan.

**(f) Approval Phase**

The draft 2013/14 Budget was tabled before Council on 28 March 2013. The document will be advertised on local print media on 12 April 2013. Moreover, it will also be placed on the municipal website and in all the municipal service centres i.e Nelspruit Civic Centre, White River Civic Centre, Hazyview Civic Centre, Kabokweni Civic Centre, Kanyamazane Civic Centre and Matsulu Civic Centre.

Community participation meetings will be conducted in April 2013 to give the communities an opportunity to comment on the draft IDP and Budget and Budget. The local print media and the local radio stations such as Ligwala gwala, Lowvelder FM and Kanyamazane Community Station will be used to mobilise the communities to attend the public participation meetings. Loud hailing and flyers will also be used to mobilise the communities to attend the IDP meetings.

On 16 May 2013, the municipality will have an IDP Rep Forum to give all the stakeholders an opportunity to comment on the final IDP prior to Council approval. The Forum will be attended by sector departments, Ehlanzeni District Municipality, Organised Business (NAFCOC, LCBT), Ward Councillors, Traditional Leaders, Rates payer association, Farmers Associations, NGO and members of the community.

All the comments and inputs received during the consultative process will be analysed, and incorporated into the IDP. The inputs that the municipality will not manage to address due to financial constraints will be noted, and will be considered during the next IDP review. The final IDP and Budget for 2013/2014 and MTREF will be tabled to the municipal council on 30 May 2013 for consideration and approval.

### **2.1.2 IDP and service delivery and budget implementation plan**

It started in August 2012 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2013/14 MTREF.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- (a) Registration of community needs;
- (b) Compilation of departmental business plans including key performance indicators and targets;
- (c) Financial planning and budgeting process;
- (d) Public participation process;
- (e) Compilation of the SDBIP, and
- (f) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2013/14 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2012/13 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial modelling and key planning drivers**

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2013/14 – 2015/2016 annual budget and MTREF:

- (a) Municipality's growth
- (b) Policy priorities and strategic objectives
- (c) Asset maintenance
- (d) Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- (e) Performance trends
- (f) The approved 2012/13 adjustments budget and performance against the SDBIP

- (g) Cash Flow Management
- (h) Debtor payment levels
- (i) Loan and investment possibilities
- (j) The need for tariff increases versus the ability of the community to pay for services;
- (k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54,55,58,59,66 and 67 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community consultation**

Chapter 4 of the MSA states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the municipality including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councillors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

#### **2.1.5 Committees and participation**

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. MLM's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Corporate Strategy (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the municipality and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councillors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the municipality.

The draft 2012/13 MTREF as tabled before Council on 28 March 2013 for community consultation will be published on the municipality's website, and hard copies will be made available at Service centre offices, municipal notice boards and various libraries on the 12 of April 2013.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

## **2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and

long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- (a) Green Paper on National Strategic Planning of 2009;
- (b) Government Programme of Action;
- (c) Development Facilitation Act of 1995;
- (d) Provincial Growth and Development Strategy (GGDS);
- (e) National and Provincial spatial development perspectives;
- (f) Relevant sector plans such as transportation, legislation and policy;
- (g) National Key Performance Indicators (NKPIS);
- (h) Accelerated and Shared Growth Initiative (ASGISA);
- (i) National 2014 Vision;
- (j) National Spatial Development Perspective (NSDP); and
- (k) The National Priority Outcomes.

### **2.2.1 National priorities**

The President on his 2013 State of the Nation Address mentioned five national priorities which should be embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the centre of our economic policies.

The five national priorities are;

- (a) Creating decent jobs;
- (b) Improving the quality of education;
- (c) Enhancing health services;
- (d) Enhancing rural development and agrarian; and
- (e) Fight against crime and corruption.



In His address, the President has further declared 2013 as a year of job creation. The municipalities should align their programmes with the job creation imperative.

To achieve this national priority, municipalities are urged to when drafting 2013/2014 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- (a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- (b) Ensuring that service providers use labour intensive approaches.
- (c) Supporting labour intensive LED projects.
- (d) Participating fully in the EPWP/National youth service plan NYDP.
- (e) Implementing interns programmes to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2011/12 MTREF and further planning refinements that have directly informed the compilation of the budget:

### 2.2.2 IDP strategic objectives

#### The municipality's development priority and objectives

Development priority	Development objective
Institutional development and transformation	<ul style="list-style-type: none"> <li>To build strong sustainable governance and institutional structures and arrangements</li> <li>To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government</li> </ul>
Infrastructure and sustainable services	<ul style="list-style-type: none"> <li>To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development</li> </ul>
Rural Development	<ul style="list-style-type: none"> <li>To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development</li> <li>To formulate a broad over-arching human capital and community development</li> </ul>
Economic development	<ul style="list-style-type: none"> <li>To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management</li> </ul>
Financial management and viability	<ul style="list-style-type: none"> <li>To ensure legally sound financial viability and management</li> </ul>
Human capital and community development	<ul style="list-style-type: none"> <li>To formulate a broad over-arching human capital and community development</li> </ul>
2010 Legacy and Flagship	<ul style="list-style-type: none"> <li>To initiate a strong and sustainable local/regional economic</li> </ul>

projects concept	<p>development potential and sustainable environmental management</p> <ul style="list-style-type: none"> <li>• To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development</li> <li>• To formulate a broad over-arching human capital and community development</li> <li>• To build strong sustainable governance and institutional structures and arrangements</li> <li>• To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government</li> </ul>
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In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

#### Alignment of MLM IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	PRIORITIES- MUNICIPAL RESPONSE
Develop a Global Partnership for Development	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Human capital and community development</li> </ul>
Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ Human capital and community development</li> <li>➤ Economic development</li> <li>➤ Rural development</li> </ul>
Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Economic development</li> </ul>
Ensure environmental sustainability	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
Promote gender equality and empower women	<ul style="list-style-type: none"> <li>➤ Human capital and social development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
NATIONAL PRIORITIES	PRIORITIES- MUNICIPAL RESPONSE
Corruption	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
Education	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> </ul>
Health	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>
The fight against crime	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> </ul>

	➤ Rural development
Creation of decent work & sustainable livelihoods	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Rural development, food security & land reform	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ Infrastructure &amp; sustainable services</li> <li>➤ Human capital and community development</li> <li>➤ Rural development</li> </ul>
<b>PROVINCIAL PRIORITIES</b>	<b>P PRIORITIES- MUNICIPAL RESPONSE</b>
Agriculture	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ Economic development</li> <li>➤ Rural development</li> </ul>
Skills	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ Institutional development &amp; transformation</li> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Economic growth & job creation	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Rural development</li> </ul>
Strategic infrastructure	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Tourism, Environment & Cultural Heritage	<ul style="list-style-type: none"> <li>➤ Human capital &amp; community development</li> <li>➤ Flagship projects</li> </ul>
Social cohesion	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
<b>DISTRICT PRIORITIES</b>	<b>IDP PRIORITIES- MUNICIPAL RESPONSE</b>
Basic service and infrastructure development	<ul style="list-style-type: none"> <li>➤ Infrastructure &amp; sustainable services</li> </ul>
Local economic development	<ul style="list-style-type: none"> <li>➤ Economic development</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
Institutional transformation and development	<ul style="list-style-type: none"> <li>➤ Institutional development and transformation</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
Financial viability and management	<ul style="list-style-type: none"> <li>➤ 2010 legacy and flagship projects</li> <li>➤ Financial management and viability</li> </ul>
Public participation and good governance	<ul style="list-style-type: none"> <li>➤ Institutional development and transformation</li> <li>➤ 2010 legacy and flagship projects</li> </ul>
Traditional leaders	<ul style="list-style-type: none"> <li>➤ Human capital and community development</li> </ul>

	➤ 2010 legacy and flagship projects
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In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
- To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
- To formulate a Broad Over-arching Human Capital and Community Development
- To build strong sustainable governance and institutional structures and arrangements
- To ensure legally sound financial viability and management
- To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

- There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
- During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
- Diverse developmental needs in areas within each ward were noted during the Analysis phase
- Poor attendance in some wards during the consultation meetings has negative effects;
- Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
- Communities should be provided with maps of their areas during consultation process to assist the municipality in mapping social needs;
- Government departments and parastatals are not attending IDP meetings even though they are invited;
- Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programmes across the three spheres of government and other stakeholders that will be implemented in their respective wards;
- There is a need for an organized consultation process with sector departments from both the municipality and district perspective.

The 2013/14 – 2015/2016 draft budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	2 515	8 521	40 198	8 468	19 999	19 999	49 493	107 785	145 055
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	867 939	626 506	658 183	1 003 687	1 015 218	1 015 218	1 044 711	1 103 004	1 140 274
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	457 027	116 710	148 387	43 489	55 020	55 020	84 514	142 806	180 076
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	51 732	8 288	39 965	4 143	15 674	15 674	45 168	103 460	140 731
To ensure legally sound Financial viability and Management	Financial management & viability	237 039	489 512	521 189	699 503	711 035	711 035	740 528	798 821	836 091
Allocations to other priorities										
Gains on disposal of PPE		1 616 253	1 249 537	1 407 922	1 759 289	1 816 946	1 816 946	1 964 414	2 255 876	2 442 228

**Table SA5 - Reconciliation between the IDP strategic objectives and budgeted expenditure**

Strategic Objective	Goal	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	41 315	60 957	102 693	18 009	24 189	24 189	45 507	76 433	111 205
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	568 950	849 521	891 257	1 018 700	1 024 880	1 024 880	1 046 198	1 077 124	1 111 897
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development	253 193	276 346	318 082	345 131	351 311	351 311	372 629	403 554	438 327
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation	293 580	30 312	72 047	78 650	84 831	84 831	106 148	137 074	171 847
To ensure legally sound Financial viability and Management	Financial management & viability	143 915	244 552	286 287	242 764	248 944	248 944	270 262	301 188	335 960
Allocations to other priorities										
Loss on disposal of PPE		1 300 953	1 461 688	1 670 366	1 703 255	1 734 156	1 734 156	1 840 745	1 995 373	2 169 236

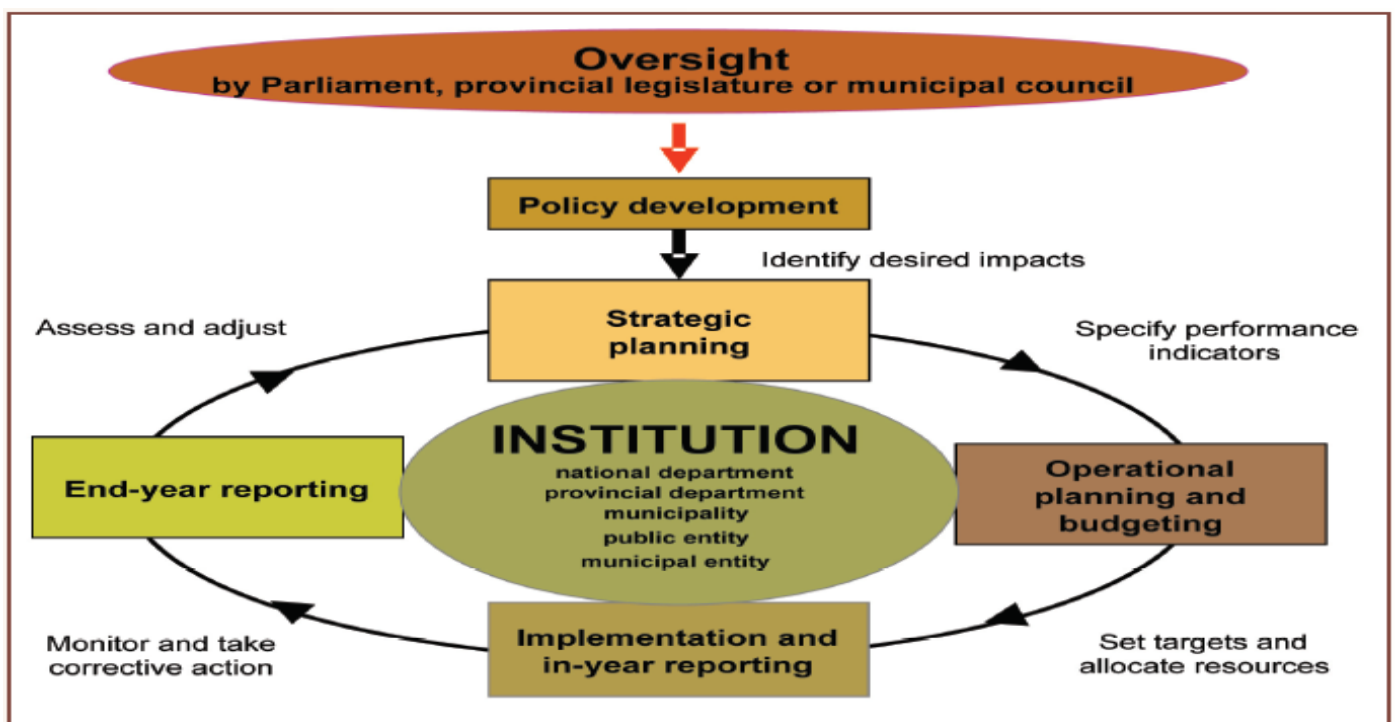
**Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	A	19 884	16 316	16 316	15 300	15 300	15 300	21 845	22 609	36 861
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	C	788 083	248 093	141 795	445 001	426 529	426 529	494 713	531 787	609 888
To provide sustainable social amenities to communities	community development	E	43 286	22 092	22 092	53 007	53 007	53 007	37 658	46 323	54 870
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	F	1 786	13 500	13 500	11 310	11 310	11 310	29 620	32 860	25 400
To ensure legally sound Financial viability and Management	Financial Management	G	341	1 245	1 245	10 950	10 950	10 950	13 450	12 150	12 700
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects	H			-	6 000	6 000	6 000	-	-	-
Allocations to other priorities											
<b>Total Capital Expenditure</b>			<b>853 380</b>	<b>301 246</b>	<b>194 948</b>	<b>541 568</b>	<b>523 096</b>	<b>523 096</b>	<b>597 286</b>	<b>645 729</b>	<b>739 719</b>

## 2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 1 Planning, budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- (a) Planning (setting goals, objectives, targets and benchmarks);
- (b) Monitoring (regular monitoring and checking on the progress against plan);
- (c) Measurement (indicators of success);
- (d) Review (identifying areas requiring change and improvement);
- (e) Reporting (what information, to whom, from whom, how often and for what purpose); and
- (f) Improvement (making changes where necessary).



The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury.

The following table sets out the municipality's main performance objectives and benchmarks for the 2011/12 MTREF

**Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
<b><u>Borrowing Management</u></b>												
Credit Rating	Interest & Principal Paid /Operating Expenditure	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za				
Capital Charges to Operating Expenditure		2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	6.0%	3.6%	3.3%	3.6%	
Capital Charges to Own Revenue		Finance charges & Repay ment of borrowing /Own Revenue	2.3%	3.9%	4.3%	4.1%	7.4%	7.4%	7.4%	4.1%	3.5%	4.0%
Borrowed funding of 'own' capital expenditure		Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.1%	81.9%	28.2%	102.6%	64.3%	64.3%	64.3%	35.7%	0.0%	22.9%
<b><u>Safety of Capital</u></b>												
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b><u>Liquidity</u></b>												
Current Ratio	Current assets/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	0.9	1.5	1.9	2.5	
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	0.9	1.5	1.9	2.5	
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.1	0.7	0.5	0.5	0.5	1.0	1.4	2.1	
<b><u>Revenue Management</u></b>												
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	75.6%	71.7%	
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)				13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	71.2%	69.1%
Outstanding Debtors to Revenue		Total Outstanding Debtors to Annual Revenue	14.3%	9.4%	6.5%	3.9%	4.7%	4.7%	4.7%	4.2%	3.6%	3.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%	
<b><u>Creditors Management</u></b>												
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	
Creditors to Cash and Investments		-583.1%	1780.4%	952.6%	102.0%	118.9%	118.9%	118.9%	69.8%	51.6%	38.2%	
<b><u>Other Indicators</u></b>												
Electricity Distribution Losses (2)	Total Volume Losses (kW)		61193899		0	0	0	0	0	0	0	
	Total Cost of Losses (Rand '000)		48,343	31,000	-	-	-	-	-	-	-	
	Total Volume Losses (kWh)		618486		0	0	0	0	0	0	0	
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)		5,332	2,000	-	-	-	-	-	-	-	
Employee costs	Employee costs/(Total Revenue - capital revenue)	18.4%	29.5%	27.9%	24.5%	22.7%	22.7%	22.7%	23.8%	23.2%	23.2%	
Remuneration	Total remuneration/(Total Revenue - capital revenue)	20.0%	30.9%	27.9%	25.7%	24.8%	24.8%		25.0%	24.2%	24.2%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.1%	10.6%	9.5%	8.7%	8.5%	8.5%		6.3%	5.9%	5.8%	
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.3%	25.6%	23.9%	18.8%	17.1%	17.1%	17.1%	17.3%	16.4%	17.1%	
<b><u>IDP regulation financial viability indicators</u></b>												
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	46.0	33.0	62.1	18.1	18.1	18.1	62.6	63.8	55.5	58.9	
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	39.1%	16.5%	10.7%	7.2%	8.9%	8.9%	8.9%	7.9%	6.9%	6.0%	
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	(0.8)	0.2	0.4	1.4	1.1	1.1	1.1	2.0	2.6	3.4	

### 2.3.1 Financial performance indicators and benchmarks

#### (a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mbombela Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

*Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. It can be noted that the borrowing asset ratio of Mbombela local municipality is increasing for the medium term.

*Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is 3.6 per cent steady compared to 2012/13 a decrease from 3.6 per cent in 2013/14 to 3.3 per cent in 2014/15. This decrease can be attributed to the decrease of loans to fund portions of the capital programme in the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### (b) Safety of Capital

*The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.

#### (c) Liquidity

*Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2013/14 MTREF the current ratio is 1.5, 2014/15 financial year is 1.9 and 2.5 for 2015/16.

*The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio was 1.0 and as part of the financial planning strategy it has been increased to 1.4 in the 2014/15 and 2.1 in 2015/16 financial year. This means the municipality had increased slightly in its revenue collection compared to 2012/13.

#### (d) Revenue Management

As part of the financial sustainability strategy, the municipality has revised its revenue enhancement strategy and theme of the strategy is, "let us make revenue management everyone's business in the municipality" we believe that through the aggressive implementation of the strategy framework, the

financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

**(e) Creditors Management**

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

**(f) Other Indicators**

Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

**2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2013/14 financial year 13,703 registered indigents will be provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

**2.3.3 Providing clean water and managing waste water**

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2013/14 medium term capital budget.

The following is briefly the main challenges facing the Municipality in this regard:

- (a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- (b) Shortage of skilled personnel makes proper operations and maintenance difficult;
- (c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

- (d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- (a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- (b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- (c) The Electricity Division is to install dedicated power supply lines to the plants; and
- (d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
- (e) Updating the infrastructure plan of the municipality.

## **2.4 OVERVIEW OF BUDGET RELATED-POLICIES**

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions must be tabled to Council for approval.

Mbombela Local Municipality has reviewed the following Budget Related policies for the financial year 2013/2014:

### **2.4.1 Virement policy**

This is a policy that is designed to manage the shifting of funds within and between votes during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegations.

The Municipal Budget and Reporting Regulations (No 3241) and Circular 51 issued by the National Treasury serve as guidelines in implementation of this policy.

it was resolved that the following additions/amendments be made to the policy

- No virements should be allowed on non-cash items (e.g. depreciation).
- The delegations should be in line with the new organizational structure.
- No virement can be approved on the salary related votes except through Council approval.
- Virements on cash items must be within the same category.
- Principle (c) must be qualified with conditions, where by the legislations apply e.g. Unforeseen and unavoidable expenditure MFMA section 29 (2) – (3).

### **2.4.2 Budget policy**

The budget policy deals mainly with all matters regarding budget matters. It gives a direction on how all the processes should be followed. The legislative and compliance requirements in terms of time lines are also indicated in this policy.

It was resolved that:

- (a) The alignment with GRAP requirements be incorporated into the policy.
- (b) The financial norms and standards.
- (c) Funding and reserves be incorporated into the budget policy.

### **2.4.3 Credit control and debt collection policy**

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) must be clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

The following are the proposed amendments which need to be incorporated into the policy which include amongst others:

- (a) Page 10, Section 4.3.2 to outline a clear guidance on acceptable security deposit payments in the municipality
- (b) Page 11, acceptance of cheques be limited to not more than two dishonoured payment cheques for one client
- (c) The section on budget and IDP be deleted as it is not appropriate in the policy.
- (d) In the system UNIX, there should be two separate accounts for owners and tenants where owners are renting out properties to avoid inconveniencing tenants because of a reluctant owner.
- (e) Page 14, delete 4.11.2. Policy must refer to Rates by-laws.

### **2.4.4 Economic investment and promotion policy**

This policy is a newly developed policy from the Local Economic Development unit. Its major objective is to provide a framework for the uniform development of incentives in Mbombela Local Municipality that will assist to

- (a) attract investment.
- (b) return existing investment.
- (c) stimulate and create job opportunities.
- (d) support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the municipality. The proposed types of incentives were also looked at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the Mbombela Local Municipality Property Rates By Law in terms of section 9.4.1(b).

### **2.4.5 Investment policy**

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005.

All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources.

After deliberations during the workshop it was resolved that the following amendments or additions be incorporated into the policy:

- (a) Asset financing fund be changed to be called distributable accumulative reserve.

- (b) GAMAP be replaced with GRAP.
- (c) The policy must also indicate the risk spread factor rather than investing everything in one.
- (d) Clear segregation of duties amongst all role players be indicated.
- (e) Investment committee be informed timeously of any investment decision made or to be made where possible.
- (f) Approval be granted by the Manager responsible for investment decisions to be made by Investment Officer.

#### **2.4.6 Funding and reserves policy**

The provisions of the funding and reserves policy will be separated from the budget policy.

#### **2.4.7 Indigent policy**

The department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for Mbombela Local Municipality.

EPWP initiatives must form part of this indigent policy in job creation for the indigents. The linkage of the Supply Chain Management policy to the Indigent policy must be seriously considered as well as LED policy.

#### **2.4.8 Payroll discrepancy policy**

The non-existence of a policy to deal with payroll issues was raised as a concern by the Auditor General. A policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 s34 (5)(a) which states that :

The policy has been developed and its main objectives are:

- (a) To establish policy and procedures for identifying, correcting and recovering salary overpayments and correcting underpayments
- (b) To ensure consistent application of actions taken when implementing the policy
- (c) Establish control measures to mitigate the risk of overpayments and early detection should such occur whether due to human error, technological failure or fraudulent activities.

#### **2.4.9 Supply chain management policy**

Chapter 11 of the Municipal Finance Management Act No 50 of 2003 deals with Goods and Services. In terms of s111, each municipality must have and implement a Supply Chain Management policy which gives effect to provisions of this part of the Act.

In August 2005, National Treasury issued Circular 22, Supply Chain Management Model policy. This model policy has been developed to be fully compliant with MFMA. In terms of the circular the model must be adopted as the policy of the municipality and guidelines for adoption the following were proposed:

- (a) The charging of businesses run on residential area was identified as a challenge.

- (b) The prices for tender documents be regulated and be included in the policy as a regulation further form part of the tariff book. After deliberations it was agreed that CIDB price ranges be used as a benchmark for pricing these tenders.
- (c) The awarding of tenders to service providers in arrears with the municipality was discussed.
- (d) The policy must give guidance on how to deal with incubation programme.
- (e) The functionality procedures must be regulated and incorporated in the policy to avoid favouritism

#### **2.4.10 Supplier performance monitoring policy**

No changes are proposed on this policy.

#### **2.4.11 Contract management policy**

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of s 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy.

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.

#### **2.4.12 Property rates policy & by law**

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the municipality has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above a property rates by law was gazetted on 21 July 2010 as provincial gazette no 1841. As required by law annually the policy needs to be reviewed, the following changes are proposed:

- (a) A committee be established to review applications in order to identify properties that deserve relief measures. This committee will be given terms of reference.
- (b) Rating ratios regarding the **properties categorised as other** should be changed through a phase reduction to avoid financial implication.
- (c) The rates policy must be aligned to the Municipal Property Rates Act.
- (d) On the issue on the categorising of Share block, the meeting suggested that a benchmarking be done with municipality of the same capacity who have share blocks.

#### **2.4.13 Tariff policy & by law**

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of s 75 are part of the budget related policies that must be reviewed annually. A tariff policy consistent with the provisions of the Act has been developed the following amendments changes are proposed;

- (a) the tariff for bid documents be included in the policy
- (b) value added tax matters (inclusive or exclusive) be clearly indicated on the policy;
- (c) Council sponsored events taking place in Council premises/properties be categorised as commercial or non-commercial;
- (d) events mentioned above be charged different tariffs to cover costs accordingly; and
- (e) percentage or determination thereof of takings which Council will charge be mentioned in the policy.

#### **2.4.14 Asset management policy**

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted.

The municipality has recently completed an exercise where the asset base of the municipality was properly quantified and a GRAP compliant asset register completed. An asset management policy is therefore critical as it will ensure that all relevant stakeholders and role players understand their roles and responsibilities.

#### **2.4.15 Insurance policy**

The main objective of the insurance policy is to:

- (a) Create awareness to all employees of the risks associated with all insurable interests
- (b) Ensure reasonable steps are taken to mitigate and minimise all risks
- (c) Identify all potential risks and enforce risk control measures
- (d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets

The policy must be read in conjunction with the Asset Management policy.

All the policies discussed above will be approved by Council on 31 May 2013 and the following policies will be gazetted into by laws for effective enforcement once the public participation and consultative process has been undertaken;

- (a) Credit Control and Debt Collection Policy
- (b) Indigent Policy
- (c) Property Rates policy
- (d) Tariff policy & buy- laws



## 2.5 OVERVIEW OF BUDGET ASSUMPTIONS

### 2.5.1 External factors

Unemployment remains very high and escalating according to the latest unemployment statistics released by Statistics South Africa.

The consequence of slow economic growth and deterioration of the labour market (increase in unemployment rate) will be felt by the municipalities in terms of expectation on revenue growth and cash flows. And therefore a conservative approach will need to be adopted when projections are made for expected revenues cash receipts in the next medium-term.

### 2.5.2 Credit rating outlook

#### Credit rating outlook

The rating definitions are:

- (a) Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- (b) Long-term : Aa3.za  
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

### 2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2012/13 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2013/14 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### 2.5.4 Collection rate for revenue services

The payment level trend for the past three years, including current financial year until to date is as follows;

Description	Actual 2009/10	Actual 2010/11	Actual 2011/12	Estimate 2012/13	Estimate 2013/14	Forecast 2014/15	Forecast 2015/16
Payment Levels	85%	97%	90%	93%	93%	93%	94%

The collection average rate of 93% on current accounts will be maintained over the medium-term. The provision for doubtful debts has been projected at 7% over the medium-term.

### **2.5.5 Growth or decline in tax base of the municipality**

The municipality has revised a revenue enhancement strategy to respond to the challenges encountered by the municipality in revenue generation and collection. The strategy seeks to ensure that there is improvement in payment levels and recovery of outstanding debt. The revised strategy has been adopted by the municipal council on 28 February 2013 and it is believed that through the making revenue management everyone's business in the municipality, the fundamental objectives of the strategy will be achieved.

The set target for collection of revenue over the medium-term on current account for rates and services charge is as outlined on the table above and the collection on outstanding debt is an average of 12% per annum or 1.0% per month.

The municipality is also in the process of expanding its revenue base by implementing a development flatrate levy which the draft strategy was adopted by the municipal council on 28 February 2013 for public participation and consultative process.

### **2.5.6 Salary increases**

The employees' remuneration cost will be R468 million in 2013/2014 financial year due to an increase of R57 million (13.8%) and the expenditure to the total operating revenue budget, excluding conditional grants is 30%. The employees remuneration cost will increase to R567 million in 2015/2016 financial year and the expenditure to the total operating budget will be 29%. Included in the employees remuneration cost budget is amount of R53 million for filling critical vacant posts, especially in Service Delivery Departments over the medium-term as per the implementation of the new organizational structure approved by council, under item A(65) of 27 October 2011.

### **2.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- (a) Creating jobs;
- (b) Enhancing education and skill development;
- (c) Improving Health services;
- (d) Rural development and agriculture; and
- (e) Fighting crime and corruption.

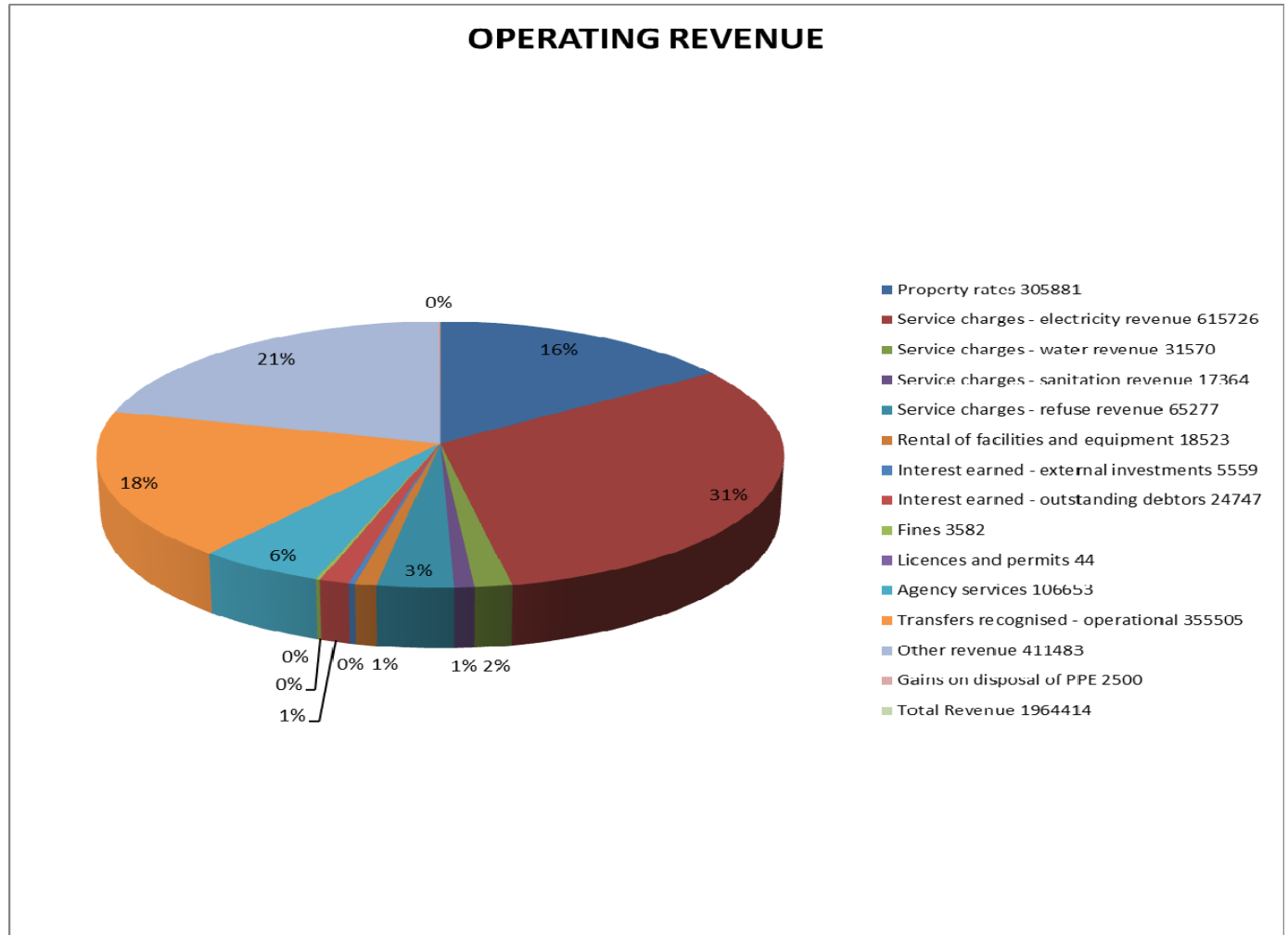
To achieve this national priority, municipalities are urged to when drafting 2013/14 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The municipality ought to focus on maximizing its contribution to job creation by;

- Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
- Ensuring that service providers use labour intensive approaches.
- Supporting labour intensive Local Economic Development projects.
- Participating fully in the Expanded Public Works Programmes/National youth service plan.
- Implementing interns programmes to provide young people with on-the-job training.

## 2.6 OVERVIEW OF BUDGET FUNDING

### 2.6.1 Medium-term outlook: operating revenue

The following graph is a breakdown of the operational revenue per main category for the 2013/14 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 93% annual collection rate on revenue from rates and services charge;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2013/14 MTREF on the different revenue categories are:

Description	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Electricity	31.27%	19.0%	20.38%	12.0%	8.0%	8.0%	8.0%
Water	8.0%	7.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Sewer	8.0%	6.0%	8.0%	9.75%	8.0%	8.0%	8.0%
Refuse Removal	9.0%	8.0%	10.0%	10.25%	9.5%	9.75%	9.5%
Property Rates	0.0%	3.0%	5.0%	6.5%	6.5%	6.8%	6.2%
Other tariffs	10.0%	6.0%	10.0%	11.0%	12.0%	12.0%	12.0%
Sembcorp/Silulumanzi Water and Sewerage	10.99%	14.42%	9.74%	10.42%			

**Table 1 Sources of capital revenue over the MTREF**

FUNDING SOURCE	2013/2014 BUDGET FORECAST	2014/2015 BUDGET ESTIMATE	2015/2016 BUDGET ESTIMATE	Budget %
Municipal Infrastructure Grant	R 197,031,015	R 233,886,675	R 253,488,956	33%
Capital Replacement Reserve	R 160,295,044	R 201,998,392	R 258,709,323	27%
Public Transport Infrastructure Grant	R 108,563,158	R 171,122,170	R 87,909,000	18%
Borrowings	R 87,541,357	R 10,437,017	R 81,346,596	15%
Public Contribution	R 9,000,000	R -	R -	2%
DWA Refurbishment Grant	R 8,052,632	R -	R -	1%
Integrated National Electrification Programme Grant	R 7,061,404	R 4,385,965	R 13,157,895	1%
Municipal Water Infrastructure Grant	R 6,719,298	R 16,799,123	R 33,598,246	1%
Energy Efficiency Grant (EEDSM)	R 4,385,965	R -	R 1,758,772	1%
Neighbourhood Development Programme Grant	R 4,385,965	R -	R -	1%
Service Contribution	R 4,250,000	R 7,100,000	R 9,750,000	1%
<b>Grand Total</b>	<b>R 597,285,838</b>	<b>R 645,729,341</b>	<b>R 739,718,787</b>	<b>100%</b>

The allocation of the capital funding on projects was based on the national, provincial and municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).

The municipality will be spending in the next three years R1 477 billion (74%) of the total capital expenditure budget) on services infrastructure development to address backlogs in terms of;

- Allocation for bulk water amounts to R294 million for the upgrade of the Karino and Nyongane Bulk Water Schemes – R81 million has been allocated for 2013/2014 financial year;
- Allocation for renewal and construction of new water reticulation networks amounts to R268 million over the medium-term – R66 million has been allocated for 2013/2014 financial year;
- Allocation for renewal and construction of new roads and stormwater systems amounts to R371 million over the medium-term – R124 million has been allocated for 2013/2014 financial year;

- Allocation for renewal and construction of new electricity infrastructure amounts to R116 million over the medium-term – R40 million has been allocated for 2013/2014 financial year;
- Allocation for provision of decent sanitation and upgrade of existing wastewater and sewerage networks amounts to R59 million over the medium-term – R35 million has been allocated for 2013/2014 financial year; and
- Allocation for new public transport infrastructure amounts to R368 million over the medium-term – R108 million has been allocated for 2013/2014 financial year.

### Cash and cash equivalents / Cash backed reserves and accumulated funds

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(56,180)	15,774	35,792	132,301	110,156	110,156	110,156	206,263	293,264	415,179
Cash + investments at the yr end less applications - R'000	18(1)b	2	(479,449)	(250,657)	(357,455)	41,709	52,581	52,581	52,581	113,155	202,442	327,841
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.8)	0.2	0.4	1.4	1.1	1.1	1.1	2.0	2.6	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	123,669	260,503	272,992
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	10.0%	16.1%	7.9%	(6.6%)	(6.0%)	(6.0%)	3.7%	4.5%	5.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	71.2%	69.1%	72.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8.7%	1.3%	6.5%	7.8%	7.4%	7.4%	7.4%	6.9%	5.9%	5.9%
Capital payments % of capital expenditure	18(1)c;19	8	(18.3%)	102.3%	104.8%	95.2%	82.8%	82.8%	82.8%	95.5%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.1%	79.5%	27.4%	45.4%	32.6%	32.6%	32.6%	34.5%	0.0%	22.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								47.6%	44.3%	50.4%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(49.1%)	(22.6%)	(23.7%)	23.7%	0.0%	0.0%	(3.2%)	(3.0%)	(3.0%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(54.7%)	31.8%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.5%	2.5%	2.6%	2.7%	2.9%	2.9%	2.3%	2.3%	2.4%	2.4%
Asset renewal % of capital budget	20(1)(vi)	14	29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	0.0%	55.0%	46.9%	42.3%
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			16.0%	22.1%	13.9%	(0.6%)	0.0%	0.0%	9.7%	10.5%	11.4%
% incr Property Tax	18(1)a			5.7%	24.2%	14.4%	(0.1%)	0.0%	0.0%	8.9%	10.2%	10.7%
% incr Service charges - electricity revenue	18(1)a			21.9%	23.4%	14.2%	(0.7%)	0.0%	0.0%	9.8%	10.4%	11.6%
% incr Service charges - water revenue	18(1)a			41.1%	0.4%	11.6%	(4.3%)	0.0%	0.0%	14.7%	10.3%	10.6%
% incr Service charges - sanitation revenue	18(1)a			(0.1%)	17.3%	16.1%	(8.2%)	0.0%	0.0%	9.9%	10.4%	10.7%
% incr Service charges - refuse revenue	18(1)a			9.4%	15.2%	9.6%	1.8%	0.0%	0.0%	10.9%	11.9%	12.4%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		590,295	709,369	850,406	969,504	960,642	960,642	960,642	1,054,341	1,164,932	1,297,476
Service charges			588,882	682,873	833,975	950,063	944,104	944,104	944,104	1,035,818	1,144,186	1,274,241
Property rates			187,192	197,865	245,816	281,185	280,934	280,934	280,934	305,881	337,153	373,338
Service charges - electricity revenue			328,997	400,935	494,837	565,108	561,001	561,001	561,001	615,726	679,984	759,052
Service charges - water revenue			18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,570	34,824	38,506
Service charges - sanitation revenue			12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,364	19,169	21,218
Service charges - refuse removal			41,861	45,782	52,745	57,813	58,843	58,843	58,843	65,277	73,057	82,127
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			1,412	26,496	16,431	19,441	16,538	16,538	16,538	18,523	20,746	23,235
Capital expenditure excluding capital grant funding			268,817	172,569	104,613	220,287	208,434	208,434	208,434	261,086	219,535	349,806
Cash receipts from ratepayers	18(1)a		156,534	940,502	1,039,707	1,227,225	1,087,490	1,087,490	1,087,490	1,140,540	1,275,432	1,421,672
Ratepayer & Other revenue	18(1)a		1,201,862	915,999	1,024,068	1,434,663	1,404,146	1,404,146	1,404,146	1,600,850	1,846,527	1,960,364
Change in consumer debtors (current and non-current)			(102,812)	(113,984)	(26,327)	(22,149)	(5,698)	(5,698)	(5,698)	13,669	(2,499)	(2,387)
Operating and Capital Grant Revenue	18(1)a		397,738	320,683	375,143	320,607	409,255	409,255	409,255	355,505	401,723	473,323
Capital expenditure - total	20(1)(vi)		853,380	301,246	194,948	541,568	523,096	523,096	523,096	597,286	645,729	739,719
Capital expenditure - renewal	20(1)(vi)		253,869	67,866	43,869	252,877	234,405	234,405		328,673	302,840	313,071
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										366,860	406,723	490,328
DoRA capital grants total MFY										379,281	500,617	448,787
Provincial operating grants										-	-	-
Provincial capital grants										-	-	-
District Municipality grants										-	-	-
Total gazetted/adv ised national, provincial and district grants										746,141	907,340	939,115
Average annual collection rate (arrears inclusive)												
DoRA operating												
Equitable Share										342,190	388,559	460,251
Municipal Systems Improvement Grant (MSIG)										890	934	967
Financial Management Grant (FMG)										1,550	1,600	1,650
Water Service Operating Grant, INEP & Energy										9,180	10,630	10,455
										353,810	401,723	473,323
DoRA capital												
Municipal Infrastructure Grant (MIG)										241,164	286,275	310,268
Municipal Water Infrastructure Grant (MWIG)										9,355	19,151	38,302
Neighbourhood Development Partnership Grant										5,000	-	-
Public transport Infrastructure										123,762	195,191	100,217
										379,281	500,617	448,787

Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Total Operating Revenue</b>			1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	1,816,946	1,964,414	2,255,876	2,442,228
<b>Total Operating Expenditure</b>			1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,734,156	1,840,745	1,995,373	2,169,236
<b>Operating Performance Surplus/(Deficit)</b>			315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	123,669	260,503	272,992
<b>Cash and Cash Equivalents (30 June 2012)</b>										206,263		
<b>Revenue</b>												
% Increase in Total Operating Revenue				(22.7%)	12.7%	25.0%	3.3%	0.0%	0.0%	8.1%	14.8%	8.3%
% Increase in Property Rates Revenue				5.7%	24.2%	14.4%	(0.1%)	0.0%	0.0%	8.9%	10.2%	10.7%
% Increase in Electricity Revenue				21.9%	23.4%	14.2%	(0.7%)	0.0%	0.0%	9.8%	10.4%	11.6%
% Increase in Property Rates & Services Charges				16.0%	22.1%	13.9%	(0.6%)	0.0%	0.0%	9.7%	10.5%	11.4%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				12.4%	14.3%	2.0%	1.8%	0.0%	0.0%	6.1%	8.4%	8.7%
% Increase in Employee Costs				24.1%	6.4%	9.9%	(4.6%)	0.0%	0.0%	13.8%	11.8%	8.2%
% Increase in Electricity Bulk Purchases				42.8%	23.5%	3.9%	(0.3%)	0.0%	0.0%	11.2%	9.1%	9.1%
Average Cost Per Budgeted Employee Position (Remuneration)					118555.358	122696.1184				133188.587		
Average Cost Per Councillor (Remuneration)					247459.4231	257831.8179				282833.0835		
R&M % of PPE			2.5%	2.5%	2.6%	2.7%	2.9%	2.9%		2.3%	2.4%	2.4%
Asset Renewal and R&M as a % of PPE			7.0%	4.0%	3.0%	7.0%	7.0%	7.0%		8.0%	7.0%	7.0%
Debt Impairment % of Total Billable Revenue			8.7%	1.3%	6.5%	7.8%	7.4%	7.4%	7.4%	6.9%	5.9%	5.9%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			137,877	102,429	71,483	82,957	148,463	148,463	148,463	173,545	209,098	268,459
Borrowing (R'000)			130,940	70,140	33,130	137,330	59,971	59,971	59,971	87,541	10,437	81,347
Grant Funding and Other (R'000)			584,563	128,676	90,336	321,281	314,662	314,662	314,662	336,199	426,194	389,913
Internally Generated funds % of Non Grant Funding			51.3%	59.4%	68.3%	37.7%	71.2%	71.2%	71.2%	66.5%	95.2%	76.7%
Borrowing % of Non Grant Funding			48.7%	40.6%	31.7%	62.3%	28.8%	28.8%	28.8%	33.5%	4.8%	23.3%
Grant Funding % of Total Funding			68.5%	42.7%	46.3%	59.3%	60.2%	60.2%	60.2%	56.3%	66.0%	52.7%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			853,380	299,529	204,321	541,568	523,096	523,096	523,096	597,286	645,729	739,719
Asset Renewal			253,869	67,866	43,869	252,877	234,405	234,405	234,405	328,673	302,840	313,071
Asset Renewal % of Total Capital Expenditure			29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	44.8%	55.0%	46.9%	42.3%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	71.2%	69.1%	72.5%
Cash Coverage Ratio			(0)	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										A2 za		
Capital Charges to Operating			2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	6.0%	3.6%	3.3%	3.6%
Borrowing Receipts % of Capital Expenditure			0.1%	79.5%	27.4%	45.4%	32.6%	32.6%	32.6%	34.5%	0.0%	22.9%
<b>Reserves</b>												
Surplus/(Deficit)			(479,449)	(250,657)	(357,455)	41,709	52,581	52,581	52,581	113,155	202,442	327,841
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			14.0%	11.2%	10.0%	16.3%	16.3%	16.3%		34.7%	32.7%	29.3%
Free Services as a % of Operating Revenue (excl operational transfers)			9.9%	13.0%	11.7%	10.6%	10.9%	10.9%		21.6%	19.3%	18.6%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			1,616,253	1,249,537	1,407,922	1,759,289	1,816,946	1,816,946	1,816,946	1,964,414	2,255,876	2,442,228
Total Operating Expenditure			1,300,953	1,461,688	1,670,366	1,703,255	1,734,156	1,734,156	1,734,156	1,840,745	1,995,373	2,169,236
Surplus/(Deficit) Budgeted Operating Statement			315,300	(212,152)	(262,445)	56,035	82,790	82,790	82,790	123,669	260,503	272,992
Surplus/(Deficit) Considering Reserves and Cash Backing			(164,149)	(462,808)	(619,900)	97,744	135,371	135,371	135,370	236,824	462,944	600,832
MT REF Funded (1) / Unfunded (0)	15		0	0	0	1	1	1	1	1	1	1
MT REF Funded ✓ / Unfunded ✗	15		✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

## 2.6.2 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

## 2.6.3 Funding Compliance measures

The cash and cash equivalents as reflected in the funding compliance table below indicated that the municipality has positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the

medium-term is R 206 million, R 293 million and R 415 million for 2013/2014, 2014/2015 and 2015/2016 respectively.

#### **2.6.4 Cash and cash equivalent position**

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2012/13 MTREF shows positive balances of R206 million, R293 million and R415 million for each respective financial year.

#### **2.6.5 Cash plus investments less application of funds**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### **2.6.6 Monthly average payments covered by cash or cash equivalents**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### **2.6.7 Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus of R123 million, and R266 million and R272 million over medium-term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

### **2.6.8 Property Rates/service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

### **2.6.9 Cash receipts as a percentage of ratepayer and other revenue**

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 71%, 69% and 73% for each of the respective financial years. Given that the assumed collection rate is based on a 93% performance target, the cash flow statement has been conservatively determined.

### **2.6.10 Debt impairment expense as a percentage of billable revenue**

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 7%, 6% and 6% over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

### **2.6.11 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

### **2.6.12 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 35% in 2013/2014, 0.0% in 2014/2015 and 23% in 2015/2016 of own funded capital.

### **2.6.13 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers. capital grant revenue is reflected under other revenue in the performance statement and the formula picks from below the low.



**2.6.14 Consumer debtors change (Current and Non-current)**

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality policy of settling debtors' accounts within 30 days.

**2.6.15 Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because of a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

**2.6.16 Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

# **BUDGET SUPPORTING TABLE FOR 2013/2014 – 2015/2016 MTREF**

MP322 Mbombela - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		187,192	197,865	245,816	389,875	389,624	389,624	389,624	439,314	479,659	524,679
less Revenue Foregone					108,690	108,690	108,690	108,690	133,433	142,506	151,342
Net Property Rates		187,192	197,865	245,816	281,185	280,934	280,934	280,934	305,881	337,153	373,338
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		328,997	400,935	494,837	565,108	561,001	561,001	561,001	615,726	679,984	759,052
less Revenue Foregone											
Net Service charges - electricity revenue		328,997	400,935	494,837	565,108	561,001	561,001	561,001	615,726	679,984	759,052
Service charges - water revenue	6										
Total Service charges - water revenue		18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,570	34,824	38,506
less Revenue Foregone											
Net Service charges - water revenue		18,176	25,647	25,751	28,744	27,521	27,521	27,521	31,570	34,824	38,506
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,364	19,169	21,218
less Revenue Foregone											
Net Service charges - sanitation revenue		12,657	12,644	14,827	17,214	15,805	15,805	15,805	17,364	19,169	21,218
Service charges - refuse revenue	6										
Total refuse removal revenue		41,861	45,782	52,745	57,813	58,843	58,843	58,843	65,277	73,057	82,127
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		41,861	45,782	52,745	57,813	58,843	58,843	58,843	65,277	73,057	82,127
Other Revenue by source											
Other Revenue		36,326	42,223	39,178	45,599				20,847	24,749	27,719
capital conditional grant allocation		528,045	122,033	89,511	248,523	330,536	330,536	330,536	390,636	505,617	465,792
MIG operating grant		-			8,248						
Vat Income from conditional grants		-			47,523						
	3										
Total 'Other' Revenue	1	564,371	164,256	128,689	349,893	330,536	330,536	330,536	411,483	530,366	493,511
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	297,223	368,952	392,418	349,462	329,202	329,202	329,202	468,291	523,730	566,630
Pension and UIF Contributions					81,937	82,461	82,461	82,461			
Medical Aid Contributions											
Overtime											
Performance Bonus											
Motor Vehicle Allowance											
Cellphone Allowance											
Housing Allowances											
Other benefits and allowances											
Payments in lieu of leave											
Long service awards											
Post-retirement benefit obligations	4										
sub-total	5	297,223	368,952	392,418	431,400	411,663	411,663	411,663	468,291	523,730	566,630
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	297,223	368,952	392,418	431,400	411,663	411,663	411,663	468,291	523,730	566,630
Contributions recognised - capital											
List contributions by contract											

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MP322 Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)														
Description	Ref	COUNCIL	OFFICE OF COUNCIL	OFFICE OF THE CHIEF WHMP	PLANNING, PERFORMANCE &	OFFICE OF THE MUNICIPAL	OFFICE OF THE DEPUTY MUNICIPAL	FINANCIAL SERVICES	TRANSVERSAL SERVICES	CORPORATE SERVICES	COMMUNITY SERVICES	MUNICIPAL PLANNING &	TECHNICAL SERVICES	Total
R thousand	I													
<b>Revenue By Source</b>														
Property rates		-	-	-	-	-	-	-	-	-	305 881	-	-	305 881
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	6 15 726	-	615 726
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	31 570	-	31 570
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	17 364	-	17 364
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	65 277	-	65 277
Rental of facilities and equipment		-	-	-	-	-	-	-	-	4 053	-	2 504	11 967	16 523
Interest earned - external investments		-	-	-	-	-	-	-	-	-	5 559	-	-	5 559
Interest earned - outstanding debts		-	-	-	-	-	-	-	-	-	24 747	-	-	24 747
Fines		-	-	-	-	-	-	-	-	-	-	-	3 502	3 502
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	44	44
Agency services		-	-	-	-	-	-	-	-	-	-	-	106 653	106 653
Other revenue		-	6	-	-	-	-	-	-	1 149	3 982	82 477	267 881	355 595
Transfers recognised - operational		-	-	-	-	-	-	-	-	-	411 483	-	-	411 483
Gains on disposal of PPE		-	-	-	-	-	-	-	-	249	2 251	-	-	2 500
<b>Total Revenue (including capital transfers and contributions)</b>		-	6	-	-	-	-	-	-	5 491	753 902	814 917	360 137	1 954 414
<b>Expenditure By Type</b>														
Employee related costs		2 938	4 201	260	5 360	3 693	3 357	12 802	2 032	25 547	47 062	145 364	215 677	489 294
Remuneration of councillors		-	21 533	528	-	-	-	-	-	-	-	-	-	22 061
Good impairment		-	-	-	-	-	-	-	-	-	19 229	13 848	39 430	72 597
Depreciation & asset impairment		125	-	-	3	28	437	1	3	924	73	250 932	38 622	291 149
Finance charges		-	-	-	207	-	-	-	-	-	12 337	9 403	26 392	48 339
Bank purchases		-	-	-	-	-	-	-	-	-	-	418 014	-	418 014
Other materials		68	132	0	16	3	6	22	13	148	87	22 710	19 875	43 889
Contracted services		97	71	-	15	-	30	6	-	12 082	5 466	5 596	59 191	82 554
Travels and grants		-	-	-	-	-	-	-	-	-	-	-	22 313	22 313
Other expenditure		2 222	8 636	127	784	3 212	189	3 916	2 372	26 767	33 906	87 033	203 193	372 437
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		5 491	31 573	915	6 364	6 935	4 019	16 747	4 428	65 489	110 239	982 900	624 684	1 880 745
<b>Surplus/(Deficit)</b>		(5 491)	(31 567)	(915)	(6 364)	(6 935)	(4 019)	(16 747)	(4 428)	(60 018)	(35 069)	(137 983)	(234 567)	(129 099)
<b>Surplus/(Deficit) after capital transfers &amp;</b>		(5 491)	(31 567)	(915)	(6 364)	(6 935)	(4 019)	(16 747)	(4 428)	(60 018)	(35 069)	(137 983)	(234 567)	(129 099)

MP322 Mbombela - Supporting Table S A3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
ASSETS											
Consumer debtors											
Consumer debtors		325 277 523	359 441	394 986	382 680	496 610	496 610	496 610	432 509	445 566	454 266
Less: Provision for debt impairment		(277 896)	(286 276)	(315 285)	(329 272)	(426 751)	(426 751)	(426 751)	(364 746)	(381 524)	(393 930)
Total Consumer debtors	2	47 382	72 165	79 701	53 408	69 859	69 859	69 859	67 763	64 042	60 336
Debt impairment provision											
Balance at the beginning of the year		258 024	286 276	315 285	321 701	386 018	386 018	386 018	361 808	361 808	361 808
Contributions to the provision		51 063	-	-	75 455	70 733	70 733	70 733	72 308	68 274	75 825
Bad debts written off		(31 191)	-	-	(67 884)	(30 000)	(30 000)	(30 000)	(69 369)	(48 558)	(43 702)
Balance at end of year		277 896	286 276	315 285	329 272	426 751	426 751	426 751	364 746	381 524	393 930
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		5 973 260	5 200 203	5 115 111	7 290 935	6 904 362	6 904 362	6 904 362	7 256 547	7 845 938	8 450 369
Less: Accumulated depreciation		795 158			1 649 791	1 645 291	1 645 291	1 645 291	1 935 913	2 258 566	2 622 266
Total Property, plant and equipment (PPE)	2	5 178 103	5 200 203	5 115 111	5 641 144	5 259 071	5 259 071	5 259 071	5 320 634	5 587 372	5 828 103
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		-			-	60 000	60 000	60 000			
Current portion of long-term liabilities		21 860 836	13 261	15 385	12 278	12 278	12 278	12 278	12 865	13 509	14 184
Total Current liabilities - Borrowing		21 861	13 261	15 385	12 278	72 278	72 278	72 278	12 865	13 509	14 184
Trade and other payables											
Trade and other creditors		327 572 806	280 833	340 948	135 000	130 939	130 939	130 939	144 033	151 234	158 796
Unspent conditional transfers		137 631 553	128 929	158 783	33 000	33 000	33 000	33 000	48 019	35 000	25 000
Total Trade and other payables	2	465 204	409 763	499 730	168 000	163 939	163 939	163 939	192 052	186 234	183 796
Non current liabilities - Borrowing											
Borrowing	4	35 189 176	175 572	202 892	323 345	200 295	200 295	200 295	197 759	184 250	170 066
Finance leases (including PPP asset element)		231 670	73	-	-						
Total Non current liabilities - Borrowing		35 421	175 645	202 892	323 345	200 295	200 295	200 295	197 759	184 250	170 066
Provisions - non-current											
Retirement benefits		91 848	125 107	148 743	125 107	125 107	125 107	125 107	161 231	169 292	177 757
Let other major provisions											
Refuse landfill site rehabilitation		13 376	15 022	28 046	10 859	10 859	10 859	10 859	29 067	30 520	32 046
Other		8 067 209	14 041	13 743	-	-	-	-			
Total Provisions - non-current		113 281	161 170	190 532	135 966	135 966	135 966	135 966	190 298	199 813	209 803
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		5 850 345	5 113 325	4 901 174	5 296 972	4 998 144	4 998 144	4 998 144	5 336 320	5 427 296	5 709 982
GRAP adjustments		(3 927)									
Revised balance		5 846 418	5 113 325	4 901 174	5 296 972	4 998 144	4 998 144	4 998 144	5 336 320	5 427 296	5 709 982
Surplus/(Deficit)		315 300	(212 152)	(262 445)	56 035	82 790	82 790	82 790	123 669	260 503	272 982
Other adjustments		(1 014 074)			282 141	255 386	255 386	255 386	(52 010)	81 499	153 605
Accumulated Surplus/(Deficit)	1	5 147 644	4 901 174	4 638 729	5 636 148	5 336 321	5 336 321	5 336 320	5 407 979	5 769 297	6 136 679
TOTAL COMMUNITY WEALTH/EQUITY	2	5 147 644	4 901 174	4 638 729	5 636 148	5 336 321	5 336 321	5 336 320	5 407 979	5 769 297	6 136 679

MP322 Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development			2 515	8 521	40 198	8 468	19 999	19 999	49 493	107 785	145 055
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services			867 939	626 506	658 183	1 003 687	1 015 218	1 015 218	1 044 711	1 103 004	1 140 274
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development			457 027	116 710	148 387	43 489	55 020	55 020	84 514	142 806	180 076
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation			51 732	8 288	39 965	4 143	15 674	15 674	45 168	103 460	140 731
To ensure legally sound Financial viability and Management	Financial management & viability			237 039	489 512	521 189	699 503	711 035	711 035	740 528	798 821	836 091
					-	-	-	-	-	-	-	-
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	1 616 263	1 249 637	1 467 922	1 769 289	1 816 946	1 816 946	1 964 414	2 266 876	2 442 228

MP322 Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)											
Strategic Objective	Goal	Ref	2009M10	2010M11	2011M12	Current Year 2012M3			2013M4 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013M4	Budget Year +1 2014M5	Budget Year +2 2015M6
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development		41 315	60 957	102 693	18 009	24 189	24 189	45 507	76 433	111 205
To strengthen the Delivery of Basic Services and ensure sustained Intergrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services		568 950	849 521	891 257	1 018 700	1 024 880	1 024 880	1 046 198	1 077 124	1 111 897
To formulate a Broad Over-arching Human Capital and Community Development	Human capital & community development		253 193	276 346	318 082	345 131	351 311	351 311	372 629	403 554	438 327
To build strong sustainable governance and institutional structures and arrangements	Institutional development & transformation		293 580	30 312	72 047	78 650	84 831	84 831	106 148	137 074	171 847
To ensure legally sound Financial viability and Managem ent	Financial managem ent & viability		143 915	244 552	286 287	242 764	248 944	248 944	270 262	301 188	335 960
Allocations to other priorities											
Total Expenditure		1	1 300 953	1 461 688	1 670 366	1 703 255	1 734 156	1 734 156	1 840 745	1 995 373	2 169 236



MP322 Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
To initiate a strong and sustainable Local/Regional Economic Development Potential and sustainable Environmental Management	Economic Development	A		19 884	16 316	16 316	15 300	15 300	15 300	21 845	22 609	36 861
To strengthen the Delivery of Basic Services and ensure sustained Integrated Human Settlement supported by Infrastructure Development	Infrastructure & sustainable services	C		788 083	248 093	141 795	445 001	426 529	426 529	494 713	531 787	609 888
To provide sustainable social amenities to communities	community development	E		43 286	22 092	22 092	53 007	53 007	53 007	37 658	46 323	54 870
To build strong sustainable governance and institutional structures and arrangements	Good Governance & public participation	F		1 786	13 500	13 500	11 310	11 310	11 310	29 620	32 860	25 400
To ensure legally sound Financial viability and Management	Financial Management	G		341	1 245	1 245	10 950	10 950	10 950	13 450	12 150	12 700
To Maintain and Sustain the 2010 legacy projects	2010 legacy projects	H				-	6 000	6 000	6 000	-	-	-
<b>Allocations to other priorities</b>			<b>3</b>									
<b>Total Capital Expenditure</b>			<b>1</b>	<b>853 300</b>	<b>301 216</b>	<b>194 948</b>	<b>581 588</b>	<b>523 086</b>	<b>523 086</b>	<b>597 286</b>	<b>645 729</b>	<b>739 719</b>

MP322 Mbombela - Supporting Table S.A8 Performance Indicators and benchmarks											
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b><u>Borrowing Management</u></b>											
Credit Rating		A2 za	A2 za	A2 za	A2 za	A2 za	A2 za	A2 za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	6.0%	3.6%	3.3%	3.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	3.9%	4.3%	4.1%	7.4%	7.4%	7.4%	4.1%	3.5%	4.0%
Reversed loading of 'own' capital expenditure	Borrowing/Capital expenditure excl.	0.1%	0.9%	20.2%	102.6%	64.3%	64.3%	64.3%	36.7%	0.0%	22.9%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	0.9	1.5	1.9	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.3	0.2	1.2	0.9	0.9	0.9	1.5	1.9	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.1	0.7	0.5	0.5	0.5	1.0	1.4	2.1
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	75.6%	71.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	71.2%	69.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.3%	9.4%	6.5%	3.9%	4.7%	4.7%	4.7%	4.2%	3.6%	3.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				3.0%	2.0%	2.0%	2.0%	3.0%	3.0%	3.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 10% of 60 days)	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Creditors to Cash and Investments		-503.1%	1700.4%	952.6%	102.0%	110.9%	110.9%	110.9%	69.8%	51.6%	38.2%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (Z)	Total Volume Losses (kWh)		61193899		0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)		48 343	31 000	-	-	-	-	-	-	-
Water Distribution Losses (Z)	Total Volume Losses (kL)		618486		0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)		5 332	2 000	-	-	-	-	-	-	-
Employee costs	Employee costs/Total Revenue -	18.4%	20.5%	27.9%	24.5%	22.7%	22.7%	22.7%	23.8%	23.2%	23.2%
Remuneration	Total remuneration/Total Revenue -	20.0%	30.9%	27.9%	25.7%	24.8%	24.8%		25.0%	24.2%	24.2%
Repairs & Maintenance	RMA/Total Revenue excluding capital	8.1%	10.6%	9.9%	8.7%	8.5%	8.5%		6.3%	5.9%	5.9%
Finance charges & Depreciation	FCDA/Total Revenue - capital	13.3%	25.6%	23.9%	18.8%	17.1%	17.1%	17.1%	17.3%	16.4%	17.1%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	Total Operating Revenue - Operating	46.0	33.0	62.1	18.1	18.1	18.1	62.6	63.8	55.5	58.9
ii. OAS Service Debtors to Revenue	Total outstanding service	39.1%	16.5%	10.7%	7.2%	8.9%	8.9%	8.9%	7.9%	6.9%	6.0%
iii. Cost coverage	Disposable cash +	(0.0)	0.2	0.4	1.4	1.1	1.1	1.1	2.0	2.6	3.4

MP322 Mbombela - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Rel.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/09	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population				-	527	527	589	589	589	589	589	
Unemployment					-	64	64	64	64	64	64	
<b>Monthly household income (no. of households)</b>	<b>1, 12</b>											
No income				-		21 006	21 006	21 006	21 006	21 006	21 006	
R1 - R1 600				-		50 210	50 210	50 210	50 210	50 210	50 210	
R1 601 - R3 200				-		33 354	33 354	33 354	33 354	33 354	33 354	
R3 201 - R6 400				-		21 498	21 498	21 498	21 498	21 498	21 498	
R6 401 - R12 000				-		14 105	14 105	14 105	14 105	14 105	14 105	
R12 001 - R25 000				-		11 066	11 066	11 066	11 066	11 066	11 066	
R25 001 - R51 200				-		7 170	7 170	7 170	7 170	7 170	7 170	
R52 201 - R102 400				-		2 293	2 293	2 293	2 293	2 293	2 293	
R102 401 - R204 800				-		592	592	592	592	592	592	
R204 801 - R409 600				-		473	473	473	473	473	473	
R409 601 - R819 200						4	4	4	4	4	4	
<b>Household demographics (000)</b>												
Number of people in municipal area				477	527	527	589	589	589	589	589	
Number of poor people in municipal area					297 760							
Number of households in municipal area				112 226	112 226							
Definition of poor household (R per month)				2 040	2 040							
<b>Economic</b>	<b>6</b>											
Inflation rate (CPI)							5.6%	5.6%	5.6%	5.4%	5.4%	
Remuneration increases									6.8%	7.0%	6.5%	
Consumption growth (electricity)									13.5%	9.0%	9.0%	
Consumption growth (water)									6.0%	5.5%	5.1%	
<b>Collection rates</b>	<b>7</b>											
Property tax/service charges						85.0%	97.0%	90.0%	93.0%	93.0%	94.0%	
Rental of facilities & equipment						85.0%	97.0%	90.0%	93.0%	93.0%	94.0%	
Interest - external investments						85.0%	97.0%	90.0%	93.0%	93.0%	94.0%	
Interest - debits						85.0%	97.0%	90.0%	93.0%	93.0%	94.0%	
Revenue from agency services						85.0%	97.0%	90.0%	93.0%	93.0%	94.0%	

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MP322 Mbombela Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2008/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
			Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
Funding measures												
Cash/cash equivalents at the year end - R000	10(T)a	1	(56 100)	15 774	35 792	132 301	110 156	110 156	110 156	206 263	293 264	415 179
Cash - investments at the yr end less applications - R000	10(T)a	2	(479 449)	(250 657)	(557 453)	41 709	52 501	52 501	52 501	113 155	202 442	327 041
Cash year end/initially employee/supplier payments	10(T)a	3	(0.0)	0.2	0.4	1.4	1.1	1.1	1.1	2.0	2.6	3.4
Supplies/Utilities excluding depreciation effects: R000	10(T)	4	315 300	(212 152)	(562 445)	56 035	82 730	82 730	82 730	123 669	200 503	272 592
Service charge rev % change - macro CPK target exclusive	10(T)a, (2)	5	N.A.	10.0%	16.1%	7.9%	6.5%	6.0%	6.0%	3.7%	4.5%	5.0%
Cash receipts % of Ratepayer & Other revenue	10(T)a, (2)	6	13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	71.2%	69.1%	72.5%
Debt impairment expense as a % of total billable revenue	10(T)a, (2)	7	8.7%	1.3%	6.5%	7.8%	7.4%	7.4%	7.4%	6.9%	5.9%	5.9%
Capital payments % of capital expenditure	10(T)a, (2)	8	(18.3%)	102.3%	104.8%	95.2%	82.8%	82.8%	82.8%	95.9%	100.0%	100.0%
Borrowing receipts % of capital expenditure (post. transfers)	10(T)a	9	0.1%	79.9%	27.4%	45.4%	32.6%	32.6%	32.6%	34.9%	0.0%	22.9%
Grants % of Govt. legislated/guaranteed allocations	10(T)a	10								47.6%	44.3%	50.4%
Current consumer debtors % change - inc/(dec)	10(T)a	11	N.A.	(19.1%)	(22.6%)	(23.7%)	23.7%	0.0%	0.0%	(3.2%)	(0.0%)	(0.0%)
Long term receivables % change - inc/(dec)	10(T)a	12	N.A.	(54.7%)	31.8%	(100.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(T)(a)	13	2.5%	2.9%	2.6%	2.7%	2.9%	2.9%	2.3%	2.3%	2.4%	2.4%
Asset renewal % of capital budget	20(T)(a)	14	29.7%	22.5%	22.5%	46.7%	44.0%	44.0%	0.0%	55.0%	46.9%	42.3%
Supporting indicators												
% incr total service charges (incl properates)	10(T)a			16.0%	22.1%	13.9%	6.5%	0.0%	0.0%	9.7%	10.5%	11.4%
% incr Property Tax	10(T)a			5.7%	24.2%	14.4%	(1.1%)	0.0%	0.0%	0.9%	10.2%	10.7%
% incr Service charges - electricity revenue	10(T)a			21.9%	23.4%	14.2%	(1.7%)	0.0%	0.0%	9.8%	10.4%	11.6%
% incr Service charges - water revenue	10(T)a			41.1%	0.4%	11.6%	(4.3%)	0.0%	0.0%	14.7%	10.3%	10.6%
% incr Service charges - sanitation revenue	10(T)a			(1.1%)	17.3%	16.1%	(2.2%)	0.0%	0.0%	9.9%	10.4%	10.7%
% incr Service charges - refuse revenue	10(T)a			9.4%	15.2%	9.6%	1.8%	0.0%	0.0%	10.9%	11.9%	12.4%
% incr in Service charges - other	10(T)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	10(T)a		590 295	709 369	830 406	959 504	960 642	960 642	960 642	1 054 341	1 164 932	1 297 476
Service charges			590 002	682 073	833 975	950 063	944 104	944 104	944 104	1 035 010	1 144 106	1 274 241
Property rates			107 192	197 065	245 016	201 105	200 934	200 934	200 934	305 001	337 153	373 330
Service charges - electricity revenue			320 997	400 935	404 037	505 100	501 001	501 001	501 001	615 726	679 904	759 052
Service charges - water revenue			10 176	25 647	25 751	20 744	27 521	27 521	27 521	31 570	34 024	38 506
Service charges - sanitation revenue			12 057	12 644	14 027	17 214	15 005	15 005	15 005	17 364	19 109	21 210
Service charges - refuse removal			41 001	45 702	52 745	57 013	50 043	50 043	50 043	65 277	73 057	82 127
Rental of facilities and equipment			1 412	26 406	16 401	19 441	16 530	16 530	16 530	10 523	20 746	23 235
Capital expenditure excluding capital grant funding			260 017	172 569	104 013	220 207	200 434	200 434	200 434	201 006	219 535	340 006
Cash receipts from ratepayers	10(T)a		156 534	940 502	1 039 707	1 227 225	1 007 400	1 007 400	1 007 400	1 140 540	1 275 432	1 421 672
Ratepayer & Other revenue	10(T)a		1 201 062	915 999	1 024 060	1 404 663	1 404 146	1 404 146	1 404 146	1 600 050	1 846 527	1 950 304
Change in consumer debtors (current and non-current)			(102 012)	(113 904)	(16 327)	(2 140)	(5 690)	(5 690)	(5 690)	13 669	(2 409)	(2 307)
Operating and Capital Grant Revenue	10(T)a		397 730	320 603	375 143	320 607	409 255	409 255	409 255	355 505	401 723	473 323
Capital expenditure - total	20(T)(a)		853 300	301 246	194 940	541 500	523 096	523 096	523 096	597 206	645 729	730 719
Capital expenditure - renewal	20(T)(a)		253 069	67 066	43 069	252 077	234 405	234 405		320 673	302 040	313 071
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DeRA operating grants total MYF										366 060	406 723	490 320
DeRA capital grants total MYF										379 201	500 617	440 707
Total grants/subsidised national, provincial and district grants										745 141	907 340	930 115
Average annual collection rate (gross inclusive)												
DeRA operating												
Equitable Share										342 190	380 559	460 251
Municipal Systems Improvement Grant (MSIG)										890	934	967
Financial Management Grant (FMG)										1 550	1 600	1 650
Water Service Operating Grant, INEP & Energy										9 180	10 630	10 455
										350 610	401 723	473 323
DeRA capital												
Municipal Infrastructure Grant (MIG)										241 164	286 275	310 268
Municipal Water Infrastructure Grant (MMG)										9 355	19 151	38 302
Neighbourhood Development Partnership Grant										5 000	-	-
Public transport Infrastructure										123 762	195 191	100 217
										370 281	600 617	440 707
Trend												
Change in consumer debtors (current and non-current)			(102 012)	(113 904)	(16 327)	(5 690)	13 669	(2 409)	(2 307)	-	-	-



Description	MFMA section	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue &		
			Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>Total Operating Revenue</b>			1 016 253	1 240 537	1 407 922	1 759 209	1 816 946	1 816 946	1 816 946	1 964 414	2 255 876	2 442 228
<b>Total Operating Expenditure</b>			1 300 953	1 401 000	1 670 366	1 703 255	1 734 156	1 734 156	1 734 156	1 840 745	1 995 373	2 109 236
<b>Operating Performance Surplus/Deficit</b>			315 300	(212 152)	(262 445)	56 035	82 790	82 790	82 790	123 669	260 503	272 992
<b>Cash and Cash Equivalents (30 June 2012)</b>										206 263		
<b>Revenue</b>												
% increase in Total Operating Revenue				(22.7%)	12.7%	25.0%	3.3%	0.0%	0.0%	8.1%	14.0%	8.3%
% increase in Property Rates Revenue				5.7%	24.2%	14.4%	(0.1%)	0.0%	0.0%	8.9%	10.2%	10.7%
% increase in Electricity Revenue				21.9%	23.4%	14.2%	(0.7%)	0.0%	0.0%	9.8%	10.4%	11.6%
% increase in Property Rates & Services Charges				16.8%	22.1%	13.9%	(0.6%)	0.0%	0.0%	9.7%	10.5%	11.4%
<b>Expenditure</b>												
% increase in Total Operating Expenditure				12.4%	14.3%	2.0%	1.8%	0.0%	0.0%	6.1%	8.4%	8.7%
% increase in Employee Costs				24.1%	6.4%	9.9%	(4.6%)	0.0%	0.0%	13.8%	11.8%	8.2%
% increase in Electricity Bulk Purchases				42.8%	23.5%	3.9%	(0.3%)	0.0%	0.0%	11.2%	9.1%	9.1%
Average Cost Per Budgeted Employee Position (Remuneration)					108 565	122 006				133 100		
Average Cost Per Councillor (Remuneration)					247 459	257 832				282 833		
R&M % of PPE			2.9%	2.9%	2.9%	2.7%	2.9%	2.9%		2.3%	2.4%	2.4%
Asset Renewal and R&M as a % of PPE			7.0%	4.0%	3.0%	7.0%	7.0%	7.0%		8.0%	7.0%	7.0%
Debt Impairment % of Total Billable Revenue			8.7%	1.3%	6.5%	7.8%	7.4%	7.4%	7.4%	6.9%	5.9%	5.9%
<b>Capital Revenue</b>												
Internally Funded & Other (R000)			137 877	102 429	71 483	82 957	140 463	140 463	140 463	173 545	200 000	260 450
Borrowing (R000)			130 940	70 140	33 130	137 330	59 971	59 971	59 971	87 541	10 437	81 347
Grant Funding and Other (R000)			504 563	120 676	90 336	321 201	314 602	314 602	314 602	336 190	406 194	309 913
Internally Generated funds % of Non Grant Funding			51.3%	59.4%	68.3%	37.7%	71.2%	71.2%	71.2%	66.5%	95.2%	76.7%
Borrowing % of Non Grant Funding			48.7%	40.6%	31.7%	62.3%	28.8%	28.8%	28.8%	33.5%	4.8%	23.3%
Grant Funding % of Total Funding			60.5%	42.7%	46.3%	59.3%	60.2%	60.2%	60.2%	56.3%	66.0%	52.7%
<b>Capital Expenditure</b>												
Total Capital Programme (R000)			853 300	290 529	204 321	541 500	523 006	523 006	523 006	597 206	645 729	739 719
Asset Renewal			253 000	67 006	43 000	252 877	234 405	234 405	234 405	300 673	302 040	313 071
Asset Renewal % of Total Capital Expenditure			29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	44.8%	55.0%	46.9%	42.3%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			13.0%	102.7%	101.5%	85.5%	77.4%	77.4%	77.4%	71.2%	60.1%	72.5%
<b>Borrowing</b>												
Cost Rating (2009/10)										82.2%		
Capital Changes to Operating			2.1%	2.5%	2.7%	3.5%	6.0%	6.0%	6.0%	3.0%	3.3%	3.0%
Borrowing Receipts % of Capital Expenditure			0.1%	70.5%	27.4%	45.4%	32.0%	32.0%	32.0%	34.5%	0.0%	22.9%
<b>Reserves</b>												
Surplus/Deficit			(479 440)	(250 657)	(357 455)	41 700	52 501	52 501	52 501	113 155	202 442	327 041
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			14.0%	11.2%	10.0%	16.3%	16.3%	16.3%		34.7%	32.7%	29.3%
Free Services as a % of Operating Revenue			9.9%	13.0%	11.7%	10.0%	10.9%	10.9%		21.0%	19.3%	18.0%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			1 016 253	1 240 537	1 407 922	1 759 209	1 816 946	1 816 946	1 816 946	1 964 414	2 255 876	2 442 228
Total Operating Expenditure			1 300 953	1 401 000	1 670 366	1 703 255	1 734 156	1 734 156	1 734 156	1 840 745	1 995 373	2 109 236
Surplus/Deficit Budgeted Operating Statement			315 300	(212 152)	(262 445)	56 035	82 790	82 790	82 790	123 669	260 503	272 992
Surplus/Deficit Consolidating Reserves and Cash Backing			(164 140)	(402 000)	(619 500)	97 744	135 371	135 371	135 371	236 824	402 944	600 832
MTREF Funded (0) / Unfunded (0)		15	0	0	0	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

MP322 Mbombela - Supporting Table SA11 Property rates summary										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
<b>Valuation:</b>	1									
Date of valuation:										
Financial year valuation used								Yes		
Municipal by-laws s6 in place? (Y/N)	2							Yes		
Municipal/assistant valuer appointed? (Y/N)								No		
Municipal partnership s38 used? (Y/N)								2	2	2
No. of assistant valuers (FTE)	3							6	6	6
No. of data collectors (FTE)	3							2	2	2
No. of internal valuers (FTE)	3							5	5	5
No. of external valuers (FTE)	3							-	-	-
No. of additional valuers (FTE)	4							No	No	No
Valuation appeal board established? (Y/N)								12		
Implementation time of new valuation roll (mths)								63 300		
No. of properties	5			62 405	63 000	-	63 000	63 300	63 300	63 300
No. of sectional title values	5			4 422	4 672	-	4 672	4 805	4 805	4 805
No. of unreasonably difficult properties s7(2)				108						
No. of supplementary valuations				2	1	-	1	1	1	1
No. of valuation roll amendments				-	701	-	701	-	-	-
No. of objections by rate payers				-	66	-	66	-	-	-
No. of appeals by rate payers				-	4	-	4	-	-	-
Supplementary valuation				2	1	-	1	1	1	1
Public service infrastructure value (Rm)	5			28	43	-	43	43	43	43
Municipally owned property value (Rm)				3 150	2 240	-	2 240	3 161	3 161	3 161
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)				8	11	-	11			
Valuation reductions-nature reserves/park (Rm)				-	6	-	6	6	6	6
Valuation reductions-mineral rights (Rm)				-	-	-	-	358	358	358
Valuation reductions-R15,000 threshold (Rm)				622	670	-	670	669	669	669
Valuation reductions-public worship (Rm)				293	328	-	328	358	358	358
Valuation reductions-other (Rm)				2 740	2 250	-	2 250			
<b>Total valuation reductions:</b>		-	-	<b>3 664</b>	<b>3 264</b>	-	<b>3 264</b>	<b>1 391</b>	<b>1 391</b>	<b>1 391</b>
Total value used for rating (Rm)	5			33 726	36 685	-	36 685	37 012	37 012	37 012
Total market value (Rm)	5			33 726	36 685	-	36 685	37 012	37 012	37 012
<b>Rating:</b>										
Residential rate used to determine rate for other				Yes	Yes					
Differential rates used? (Y/N)	5			Yes	Yes					
Limit on annual rate increase (s20)? (Y/N)				No	No					
Special rating area used? (Y/N)				No	No					
Phasing-in properties s21 (number)					4739					
Rates policy accompanying budget? (Y/N)				Yes	Yes					
<b>Rate revenue:</b>										
Expected cash collection rate (%)		85.0%	97.0%	97.0%	92.0%	92.0%	92.0%	93.0%	93.0%	94.0%

MP322 Mbombela - Supporting Table S&T2a Property rates by category (current year)															
Description	Ref	Resi.	Indust.	Bus. &	Farm props.	State-owned	Muni props.	Public	Private	Formal &	Comm.	Section	Protect	Public	Mining
<b>Current Year 2013/14</b>															
<b>Valuation:</b>															
No. of properties		52 079	-	2 234	3 833	83	1 761	342	1 706	651	125	96	3	98	-
No. of sectional title property values		4214	-	458	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		2	-	2	2	-	-	-	-	-	-	-	-	-	-
No. of objections by ratepayers		15	-	10	41	-	-	-	-	-	-	-	-	-	-
No. of appeals by ratepayers		-	-	4	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		4	4	4	4	4	4	4	4	4	4	4	4	4	4
Frequency of valuation (select)		5	5	5	5	5	5	5	5	5	5	5	5	5	5
Method of valuation used (select)		Market		Market	Market	Market	Market	Market	Market	Dep.Replace	Dep.Replace	Market	Market	Dep.Replace	
Base of valuation (select)		Land & impr.		Land & impr.	Other	Land & impr.	Land & impr.	Other	Land only	Land only	Land & impr.	Land & impr.	Land & impr.	Land & impr.	
Continuation of rating types used? (Y/N)		Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Fid rate used? (Y/N)		No		No	No	No	No	No	No	No	No	No	No	No	
Is valuation subject to uniform rateable rate?		Uniform		Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	
<b>Valuation reductions:</b>															
Valuation reduction public infrastructure (Rm)		-	-	-	-	-	-	11	-	-	-	-	-	-	-
Valuation reduction water services (Rm)		-	-	-	-	-	-	-	-	-	-	-	6	-	-
Valuation reduction R15 000 threshold (Rm)		670	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reduction public works (Rm)		-	-	-	-	-	-	-	-	-	328	-	-	-	-
Valuation reduction other (Rm)	2	2 250	-	-	-	-	2 240	-	-	-	-	121	-	-	-
<b>Total valuation reductions:</b>															
Total value used for rating (Rm)	6	18 379	-	10 069	5 794	916	-	32	1 080	23	-	-	-	392	-
Total market value (Rm)	6	18 379	-	10 069	5 794	916	-	32	1 080	23	-	-	-	392	-



MP222 Mbombela - Supporting Table S.1/26 Property rates by category (budget year)																	
Description	Ref	Resi.	Indust.	Bus. &	Form prop.	State-owned	Muni prop.	Public	Private	Formal &	Comm.	State trust	Section	Protect.	National	Public	Mining
<b>Budget Year 2013/14</b>																	
<b>Valuation:</b>																	
No. of properties		52 340	-	2 291	3 833	83	1 780	342	1 706	651	125		96	3	-	98	-
No. of sectional title property values		4 355	-	499	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)		163 209 000	-	106 675 000	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments		261	-	57	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		5		5	5	5	5	5	5	5	5	5	5	5	5	5	
Frequency of valuation (select)		5		5	5	5	5	5	5	5	5	5	5	5	5	5	
Method of valuation used (select)		Market		Market	Market	Dep. Replace	Dep. Replace	Dep. Replace	Market	Other	Dep. Replace		Market	Dep. Replace			
Base of valuation (select)		Land & impr.		Land & impr.	Other	Land & impr.	Land & impr.	Other	Land only	Other	Land & impr.		Land & impr.	Land & impr.			
Placing in properties <21 (number)		0		0	0	0	0	0	0	0	0		0	0			
Combination of rating types used? (Y/N)		No		No	No	No	No	No	No	No	No		No	No			
Flat rate used? (Y/N)		No		No	No	No	No	No	No	No	No		No	No			
Is balance rate by uniform rate variable rate?		Uniform		Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform		Uniform	Uniform			
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)		-		-	-	-	-	11	-	-	-		-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-	-		-	6	-	-	-
Valuation reductions-R15,000 threshold (Rm)		670	-	-	-	-	-	-	-	-	-		-	-	-	-	-
Valuation reductions-public works (Rm)		-	-	-	-	-	-	-	-	-	328		-	-	-	-	-
Valuation reductions-other (Rm)	2	2 267	-	-	-	-	2 240	-	-	-	-		121	-	-	-	-
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6	18 519	-	10 255	5 794	916	-	32	1 080	23	-		-	-		382	-
Total market value (Rm)	6	18 519	-	10 255	5 794	916	-	32	1 080	23	-		-	-		382	-
<b>Rating:</b>																	
Expected cash collection rate (%)	4	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%

MP322 Mbombela - Supporting Table SA13a Service Tariffs by category								
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Budget Year	2014/15 Medium Term Budget Year	2015/16 Medium Term Budget Year
<b>Property rates (rate in the Rand)</b>	<b>1</b>							
Residential properties					0.52	0.5538	0.589797	0.628133805
Residential properties - vacant land					2	2.13	2.26845	2.41589925
Formal/informal settlements					0.52	0.5538	0.589797	0.628133805
Small holdings					0.52	0.5538	0.589797	0.628133805
Farm properties - used					0.18	0.1917	0.2041605	0.2041605
Farm properties - not used					0.18	0.1917	0.2041605	0.2041605
Industrial properties					1.3	1.3845	1.4744925	1.4744925
Business and commercial properties					1.3	1.3845	1.4744925	1.4744925
State-owned properties					2.2	2.343	2.495295	2.657489175
Public service infrastructure					0.18	0.1917	0.2041605	0.2041605
Privately owned towns serviced by the					0.52	0.5538	0.589797	0.628133805
<b>Exemptions, reductions and rebates (R and)</b>								
<b>Residential properties</b>								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate					30	30	30	30
Indigent rebate or exemption					100	100	100	100
Pensioners/social grants rebate or exemption					100	100	100	100
Bona fide farmers rebate or exemption					45	45	45	45
<b>Water tariffs</b>								
<b>Domestic</b>								
Water usage - Block 2 (c/k)					11	12	13	14
Water usage - Block 3 (c/k)					10	11	11	12
Water usage - Block 4 (c/k)					9	10	11	11
<b>Waste water tariffs</b>								
<b>Domestic</b>								
Basic charge/fixd lee (R and/month)					57	61	66	71
Volumetric charge - Block 2 (c/k)					11	12	13	14
Volumetric charge - Block 3 (c/k)					10	11	11	12
Volumetric charge - Block 4 (c/k)					9	10	11	11
<b>Electricity tariffs</b>								
<b>Domestic</b>								
Service point - vacant land (R and/month)					120	128	136	145
FEE					50	53	57	60
Meter - IST Block 1 (c/kwh)					70	75	79	85
Meter - IST Block 2 (c/kwh)					83	88	94	100
Meter - IST Block 3 (c/kwh)					107	114	121	129
Meter - IST Block 4 (c/kwh)					123	131	140	149
Prepaid - IST Block 1 (c/kwh)					70	75	79	85
Prepaid - IST Block 2 (c/kwh)					83	88	94	100
Prepaid - IST Block 3 (c/kwh)					107	114	121	129
Prepaid - IST Block 4 (c/kwh)					123	131	140	149

MP322 Mbombela - Supporting Table SA14 Household bills											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure			
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year	Budget Year
<b>Randfont</b>								% Incr.			
<b>Monthly Account for Household - 'Middle Income'</b>	<b>1</b>										
<b>Rates and services charges:</b>											
Property rates		383.89	395.44	407.05	268.79	268.79	268.79	6.5%	286.26	304.87	324.68
Electricity: Basic levy		87.00	80.00	-							
Electricity: Consumption		689.66	860.50	930.00	1 043.50	1 043.50	1 043.50	8.0%	1 126.98	1 217.14	1 314.51
Water: Basic levy		44.13	47.66	51.50	56.55	56.55	56.55	8.0%	61.07	65.96	71.24
Water: Consumption		204.26	221.28	240.00	263.52	263.52	263.52	8.0%	284.60	307.37	331.96
Sanitation		240.00	254.40	219.60	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		88.31	97.14	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
<b>sub-total</b>		<b>1 737.25</b>	<b>1 956.42</b>	<b>1 955.15</b>	<b>1 836.78</b>	<b>1 836.78</b>	<b>1 836.78</b>	<b>7.9%</b>	<b>1 980.38</b>	<b>2 136.78</b>	<b>2 306.27</b>
<b>Total large household bills:</b>		<b>1 737.25</b>	<b>1 956.42</b>	<b>1 955.15</b>	<b>1 836.78</b>	<b>1 836.78</b>	<b>1 836.78</b>	<b>7.9%</b>	<b>1 980.38</b>	<b>2 136.78</b>	<b>2 306.27</b>
% increased-decrease			12.6%	(0.1%)	(6.1%)	-	-		7.9%	7.9%	7.9%
<b>Monthly Account for Household - 'Affordable'</b>	<b>2</b>										
<b>Rates and services charges:</b>											
Property rates		18.82	39.49	290.75	182.08	182.08	182.08	6.5%	193.92	206.52	219.94
Electricity: Basic levy		-	105.96	-							
Electricity: Consumption		370.86	364.61	385.00	444.50	444.50	444.50	8.0%	480.06	518.46	559.94
Water: Basic levy		-	47.66	51.50	56.36	56.36	56.36	8.0%	60.86	65.73	70.99
Water: Consumption		162.26	175.29	190.00	208.62	208.62	208.62	8.0%	225.31	243.33	262.80
Sanitation		152.00	235.40	173.85	85.45	85.45	85.45	8.0%	92.29	99.67	107.64
Refuse removal		28.31	98.04	107.00	117.97	117.97	117.97	9.5%	129.18	141.77	155.24
<b>sub-total</b>		<b>732.25</b>	<b>1 086.45</b>	<b>1 186.10</b>	<b>1 084.96</b>	<b>1 084.96</b>	<b>1 084.96</b>	<b>7.9%</b>	<b>1 181.61</b>	<b>1 276.49</b>	<b>1 376.66</b>
<b>Total small household bills:</b>		<b>732.25</b>	<b>1 086.45</b>	<b>1 186.10</b>	<b>1 084.96</b>	<b>1 084.96</b>	<b>1 084.96</b>	<b>7.9%</b>	<b>1 181.61</b>	<b>1 276.49</b>	<b>1 376.66</b>
% increased-decrease			46.6%	12.3%	(8.6%)	-	-		7.9%	7.9%	7.9%
				-0.73	-1.70	-1.90	-				
<b>Monthly Account for Household - 'Indigent'</b>	<b>3</b>										
<b>Rates and services charges:</b>											
Property rates		18.82	19.40	174.45	185.79	185.79	185.79	6.5%	101.58	108.18	115.21
Electricity: Consumption		44.68	36.62	31.50	-	-	-	8.0%	268.92	290.43	313.67
Water: Basic levy		-	-	-	-	-	-	8.0%	-	-	-
Water: Consumption		-	-	140.00	154.32	154.32	154.32	8.0%	166.00	179.28	193.62
Sanitation		88.31	97.14	128.10	141.20	141.20	141.20	8.0%	-	-	-
Refuse removal		-	-	-	-	-	-	9.5%	-	-	-
<b>sub-total</b>		<b>151.81</b>	<b>163.16</b>	<b>474.05</b>	<b>481.30</b>	<b>481.30</b>	<b>481.30</b>	<b>11.6%</b>	<b>636.60</b>	<b>677.89</b>	<b>622.60</b>
<b>VAT on Services</b>		<b>18.62</b>									
<b>Total small household bills:</b>		<b>170.43</b>	<b>163.16</b>	<b>474.05</b>	<b>481.30</b>	<b>481.30</b>	<b>481.30</b>	<b>11.6%</b>	<b>636.60</b>	<b>677.89</b>	<b>622.60</b>
% increased-decrease			(10.1%)	208.5%	1.6%	-	-		11.6%	7.7%	7.7%

MP322 Mbombela - Supporting Table SA15 Investment particulars by type											
Investment type	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure			
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year	Budget Year
<b>R thousand</b>											
<b>Parent municipality</b>											
Deposits - Bank		22 118	22 987	13 904	13 904	13 904	13 904	43 300	45 325	47 446	
<b>Municipality sub-total</b>	<b>1</b>	<b>22 118</b>	<b>22 987</b>	<b>13 904</b>	<b>13 904</b>	<b>13 904</b>	<b>13 904</b>	<b>43 300</b>	<b>45 325</b>	<b>47 446</b>	
<b>Consolidated total:</b>		<b>22 118</b>	<b>22 987</b>	<b>13 904</b>	<b>13 904</b>	<b>13 904</b>	<b>13 904</b>	<b>43 300</b>	<b>45 325</b>	<b>47 446</b>	

<b>MP322 Mbombela - Supporting Table SA17 Borrowing</b>										
<b>Borrowing - Categorised by type</b>	<b>Ref</b>	<b>2009M0</b>	<b>2010M1</b>	<b>2011M2</b>	<b>Current Year 2012M3</b>			<b>2013M4 Medium Term Revenue &amp;</b>		
<b>R thousand</b>		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Original</b>	<b>Adjusted</b>	<b>Full Year</b>	<b>Budget Year</b>	<b>Budget Year</b>	<b>Budget Year</b>
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		57 973	188 834	218 276	218 276	218 276	218 276	208 886	199 683	189 289
Long-Term Loans (non-annuity)			-	-	-	-	-	-	-	-
Local registered stock		11 903	3	3	3	3	3	3	3	3
Instalment Credit		11 900								
<b>Municipality sub-total</b>	<b>1</b>	<b>81 776</b>	<b>188 837</b>	<b>218 279</b>	<b>218 279</b>	<b>218 279</b>	<b>218 279</b>	<b>208 889</b>	<b>199 686</b>	<b>189 292</b>
<b>Total Borrowing</b>	<b>1</b>	<b>81 776</b>	<b>188 837</b>	<b>218 279</b>	<b>218 279</b>	<b>218 279</b>	<b>218 279</b>	<b>208 889</b>	<b>199 686</b>	<b>189 292</b>

MP322 Ubenbela - Supporting Table SA16 Investment particulars by maturity											
Investments by Maturity	Ref	Period of	Type of Investment	Capital	Variable or	Interest Rate	Commission	Commission	Expiry date of Investment	Monetary	Interest to
Name of Institution & Investment ID	1	Yrs/Months								Rand thousand	
Parent municipality											
NEDCOR		10 Years	Sinking Fund	No	Variable	4.7	0	0	30 September 2016	14 110	627
ABSA		3 Months	Short Term	No	Variable	5.5	0	0		200	50
ABSA		20 Years	Sinking Fund / Short Term	No	Variable	5.3	0	0		27 055	751
Municipality sub-total										41 365	1 428
Entities sub-total										-	-
TOTAL INVESTMENTS AND INTEREST	1									41 365	1 428

<b>MP322 Mbombela - Supporting Table SA18 Transfers and grant receipts</b>										
<b>Description</b>	<b>Ref</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Current Year 2012/13</b>			<b>2013/14 Medium Term Revenue &amp;</b>		
<b>R thousand</b>		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Original</b>	<b>Adjusted</b>	<b>Full Year</b>	<b>Budget Year</b>	<b>Budget Year</b>	<b>Budget Year</b>
<b>RECEIPTS:</b>	<b>1,2</b>									
<b>Operating Transfers and Grants</b>										
<b>National Government</b>		<b>200 064</b>	<b>320 683</b>	<b>375 143</b>	<b>323 561</b>	<b>323 561</b>	<b>323 561</b>	<b>366 860</b>	<b>406 723</b>	<b>490 328</b>
<b>Local Government Equitable Share</b>		198 406	247 675	279 162	312 298	312 298	312 298	342 190	388 559	460 251
Municipal Systems Improvement		742	791	1 119	800	800	800	1 550	1 600	1 650
Finance Management		916	1 188	1 516	1 500	1 500	1 500	890	934	967
Water Services Operating Subsidy		-	15 207	14 650	6 009	6 009	6 009	9 180	10 630	10 455
Integrated National Electrification Programme		-	11 408	3 061				8 050	5 000	15 000
EPWP Incentive		-	1 202	4 515	2 954	2 954	2 954	5 000	-	2 005
2010 World Cup Host City, Expanded PWP Incentive		-	43 213	71 121						
<b>Provincial Government</b>		<b>940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
SETA		940								
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating Transfers and Grants</b>	<b>5</b>	<b>201 004</b>	<b>320 683</b>	<b>375 143</b>	<b>323 561</b>	<b>323 561</b>	<b>323 561</b>	<b>366 860</b>	<b>406 723</b>	<b>490 328</b>
<b>Capital Transfers and Grants</b>										
<b>National Government</b>		<b>287 586</b>	<b>119 477</b>	<b>89 372</b>	<b>286 765</b>	<b>286 765</b>	<b>286 765</b>	<b>379 281</b>	<b>500 617</b>	<b>448 787</b>
Municipal Infrastructure Grant (MIG)		136 093	71 921	81 610	188 062	188 062	188 062	241 164	286 275	310 268
Public Transport and Systems		75 833	4 444		98 703	98 703	98 703	123 762	195 191	100 217
Neighbourhood Development Partnership		35	6 064	4 240				5 000		
Integrated National Electrification & Elec Demand Side		55 714	8 744							
Water Affairs		19 923	28 303	3 521				9 355	19 151	38 302
<b>Provincial Government</b>		<b>-</b>	<b>2 556</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other capital transfers/grants (insert description)			2 556	6						
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(insert description)				134						
<b>Total Capital Transfers and Grants</b>	<b>5</b>	<b>287 586</b>	<b>122 033</b>	<b>89 511</b>	<b>286 765</b>	<b>286 765</b>	<b>286 765</b>	<b>379 281</b>	<b>500 617</b>	<b>448 787</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>488 602</b>	<b>442 716</b>	<b>464 654</b>	<b>610 326</b>	<b>610 326</b>	<b>610 326</b>	<b>746 141</b>	<b>907 340</b>	<b>939 115</b>

<b>MP322 Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme</b>										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue &		
R thousand		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
<b>EXPENDITURE:</b>	<b>1</b>									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>210 064</b>	<b>222 654</b>	<b>375 143</b>	<b>323 561</b>	<b>323 561</b>	<b>323 561</b>	<b>366 860</b>	<b>406 723</b>	<b>490 328</b>
Local Government Equitable Share		198 406	247 675	279 162	312 298	312 298	312 298	342 190	388 559	460 251
Municipal Systems Improvement		742	791	1 119	800	800	800	1 550	1 600	1 650
Finance Management		916	1 188	1 516	1 500	1 500	1 500	890	934	967
Water Services Operating Subsidy			15 207	14 650	6 009	6 009	6 009	9 180	10 630	10 455
Integrated National Electrification Programme			11 408	3 061				8 050	5 000	15 000
EPWP Incentive			1 202	4 515	2 954	2 954	2 954	5 000		2 005
2010 World Cup Host City, Expanded PWP Incentive		-	5 184	71 121						
<b>Provincial Government:</b>		<b>940</b>	<b>2 954</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing			2 954							
SETA		940								
<b>Other grant providers:</b>		<b>-</b>	<b>926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]			926							
<b>Total operating expenditure of Transfers and Grants:</b>		<b>201 004</b>	<b>286 534</b>	<b>375 143</b>	<b>323 561</b>	<b>323 561</b>	<b>323 561</b>	<b>366 860</b>	<b>406 723</b>	<b>490 328</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>287 588</b>	<b>149 328</b>	<b>89 372</b>	<b>286 765</b>	<b>286 765</b>	<b>286 765</b>	<b>378 281</b>	<b>500 617</b>	<b>448 787</b>
Municipal Infrastructure Grant (MIG)		136 093	88 242	81 610	188 062	188 062	188 062	241 164	286 275	310 268
Public Transport and Systems		75 833	18 475		98 703	98 703	98 703	123 762	195 191	100 217
Neighbourhood Development Partnership		35	6 064	4 240				5 000		
Integrated National Electrification & Elec Demand Side		55 714	8 744							
Water Affairs		19 923	28 303	3 521				9 355	19 151	38 302
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other capital transfers/grants [insert description]				6						
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]				134						
<b>Total capital expenditure of Transfers and Grants</b>		<b>287 588</b>	<b>149 328</b>	<b>89 511</b>	<b>286 765</b>	<b>286 765</b>	<b>286 765</b>	<b>378 281</b>	<b>500 617</b>	<b>448 787</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>488 602</b>	<b>436 362</b>	<b>464 654</b>	<b>610 326</b>	<b>610 326</b>	<b>610 326</b>	<b>745 141</b>	<b>907 340</b>	<b>939 115</b>



MP322 Mbombela - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Operating transfers and grants:</u>	1,3									
National Government										
Balance unspent at beginning of the year		7 707	14 305							
Current year receipts		390 032	289 008	375 143	320 607	409 255	409 255	355 505	401 723	473 323
Conditions met -transferred to revenue		397 739	303 313	375 143	320 607	409 255	409 255	355 505	401 723	473 323
Provincial Government										
Balance unspent at beginning of the year			4 265							
Current year receipts			2 954							
Conditions met -transferred to revenue		-	7 218	-	-	-	-	-	-	-
Balance unspent at beginning of the year			1 131							
Current year receipts			9 020							
Conditions met -transferred to revenue		-	10 151	-	-	-	-	-	-	-
Total operating transfers and grants revenue		397 739	320 683	375 143	320 607	409 255	409 255	355 505	401 723	473 323
Total operating transfers and grants -CTBM	2	-	-	-	-	-	-	-	-	-
<u>Capital transfers and grants:</u>	1,3									
National Government										
Balance unspent at beginning of the year		129 926	21 857							
Current year receipts		454 637	106 820	89 511	321 281	314 662	314 662	336 199	426 194	389 913
Conditions met -transferred to revenue		584 563	128 676	89 511	321 281	314 662	314 662	336 199	426 194	389 913
Total capital transfers and grants revenue		584 563	128 676	89 511	321 281	314 662	314 662	336 199	426 194	389 913
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		982 302	449 359	464 654	641 888	723 917	723 917	691 704	827 917	863 236

MP322 Mbombela - Supporting Table SA21 Transfers and grants made by the municipality											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Groups of Individuals</b>											
Equitable Share	5				-	20 150	20 150	20 150	22 313	23 652	25 071
Water Tankers									22 692	24 320	25 990
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	20 150	20 150	20 150	45 005	47 972	51 061
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	-	20 150	20 150	20 150	45 005	47 972	51 061
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	-	-	-	20 150	20 150	20 150	45 005	47 972	51 061

MP322 Mbombela - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		9 546	10 391	11 822	12 462	12 462	12 462	13 647	14 352	15 046
Pension and UIF Contributions		1 348	1 488	1 696	1 924	1 924	1 924	2 116	2 222	2 333
Medical Aid Contributions		329	326	372	234	234	234	258	271	284
Motor Vehicle Allowance		3 538	3 834	4 370	4 460	4 460	4 460	4 906	5 151	5 409
Cellphone Allowance		830	913	1 041	1 031	1 031	1 031	1 134	1 190	1 250
Other benefits and allowances		13	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>15 604</b>	<b>16 932</b>	<b>19 302</b>	<b>20 111</b>	<b>20 111</b>	<b>20 111</b>	<b>22 061</b>	<b>23 106</b>	<b>24 322</b>
% Increase	4		8.0%	13.9%	4.2%	-	-	9.7%	5.1%	4.9%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2 825	3 213	3 406	4 632	4 632	4 632	5 049	5 655	6 107
Pension and UIF Contributions		590	714	757	1 046	1 046	1 046	1 141	1 278	1 380
Medical Aid Contributions		152	157	167	167	167	167	182	204	220
Performance Bonus		-	-	-	500	500	500	545	610	659
Motor Vehicle Allowance	3	645	599	635	1 190	1 190	1 190	1 297	1 453	1 569
Cellphone Allowance	3	41	78	82	217	217	217	236	265	286
Other benefits and allowances	3	70	178	189	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>4 323</b>	<b>4 939</b>	<b>5 235</b>	<b>7 752</b>	<b>7 752</b>	<b>7 752</b>	<b>8 450</b>	<b>9 484</b>	<b>10 221</b>
% Increase	4		14.3%	6.0%	48.1%	0.0%	0.0%	9.0%	12.0%	8.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		184 742	221 537	216 857	253 745	253 745	253 745	274 649	306 850	332 400
Pension and UIF Contributions		34 759	44 081	46 726	60 077	60 077	60 077	65 484	73 343	79 210
Medical Aid Contributions		11 310	13 614	14 431	20 355	20 355	20 355	22 187	24 849	26 837
Overtime		19 574	32 542	34 494	21 551	21 551	21 551	23 491	26 310	28 414
Motor Vehicle Allowance	3	14 149	15 167	16 077	20 347	20 347	20 347	22 178	24 839	26 827
Cellphone Allowance	3	527	823	872	2 078	2 078	2 078	2 265	2 537	2 740
Housing Allowances	3	2 432	2 478	2 626	3 246	3 246	3 246	3 538	3 962	4 279
Other benefits and allowances	3	17 584	2 929	3 104	27 010	27 010	27 010	29 441	32 974	35 612
Payments in lieu of leave		4 995	2 944	3 121	4 000	4 000	4 000	4 360	4 883	5 274
Long service awards		833	844	895	575	575	575	627	702	758
Post-retirement benefit obligations	6	12 314	27 054	28 677	10 662	10 662	10 662	11 622	13 016	14 057
<b>Sub Total - Other Municipal Staff</b>		<b>303 219</b>	<b>361 012</b>	<b>367 931</b>	<b>423 647</b>	<b>423 647</b>	<b>423 647</b>	<b>459 941</b>	<b>514 266</b>	<b>556 409</b>
% Increase	4		20.0%	1.1%	15.2%	0.0%	0.0%	9.5%	11.0%	8.2%



<b>MP322 Mbombela - Supporting Table SA23 Salaries, allowances &amp; benefits (political office bearers/councillors/s)</b>						
<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>Total Package</b>
<b>Rand per annum</b>			<b>1.</b>			<b>2.</b>
<b>Councillors</b>	<b>3</b>					
Speaker	4	420 414	343 774	79 029		843 217
Chief Whip		335 684	331 669	138 156		805 509
Executive Mayor		453 154	348 450	196 958		998 562
Deputy Executive Mayor		-	-	-		-
Executive Committee		3 107 077	780 012	1 243 403		5 130 492
Total for all other councillors		8 769 044	1 681 234	3 832 923		14 283 201
<b>Total Councillors</b>	<b>8</b>	<b>13 085 372</b>	<b>3 485 139</b>	<b>5 490 469</b>		<b>22 060 980</b>
<b>Senior Managers of the Municipality</b>	<b>5</b>					
Municipal Manager (MM)		827 845	187 480	364 607	-	1 379 932
Chief Finance Officer		805 808	205 021	104 372	131 433	1 246 634
<b>List of each official with packages &gt;= senior manager</b>						
Deputy Municipal Manager		751 800	196 250	187 834	135 066	1 270 950
General Manager: Corporate Services		630 230	161 261	193 500	-	984 991
General Manager: Community Services		630 230	161 261	193 500	116 750	1 101 741
General Manager: Technical Services		677 711	141 117	169 248	116 750	1 104 826
General Manager: Office of Council		630 230	161 261	193 500	-	984 991
General Manager: Plan, Performance, Monitoring & evaluation		630 230	161 261	193 500		984 991
General Manager: Municipal Development & Planning		630 230	161 261	193 500		984 991
<b>Total Senior Managers of the Municipality</b>	<b>8,10</b>	<b>6 214 313</b>	<b>1 536 173</b>	<b>1 793 561</b>	<b>499 999</b>	<b>10 044 046</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>10</b>	<b>19 299 685</b>	<b>5 021 312</b>	<b>7 284 030</b>	<b>499 999</b>	<b>32 105 026</b>

MP322 Mbombela - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2011/12			Current Year 2012/13			Budget Year 2013/14		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		78	-	78	78	-	78	78	-	78
Municipal employees	5	1 662	1 655	7	1 662	1 655	7	1 662	1 655	7
Municipal Manager and Senior Managers	3	6	-	6	9	-	6	9	-	6
Other Managers	7	72	62	5	72	62	5	72	62	5
Professionals		1 773	1 575	-	1 773	1 533	-	1 773	1 533	-
Finance		160	138		160	141		160	141	
Spa&town planning		2	1		2	1		2	1	
Information Technology		1	1		1	1		1	1	
Roads		276	244		276	240		276	240	
Electricity		121	106		121	96		121	96	
Water		196	174		196	163		196	163	
Refuse		294	269		294	265		294	265	
Other		723	642		723	626		723	626	
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>3 581</b>	<b>3 282</b>	<b>96</b>	<b>3 584</b>	<b>3 250</b>	<b>96</b>	<b>3 584</b>	<b>3 250</b>	<b>96</b>
% Increase					0.1%	(1.3%)	-	-	-	-
Total municipal employees headcount	6, 10	1 662	1 655	7	1 662	1 655	7	1 662	1 655	7
Finance personnel headcount	8, 10	154	151	3	154	151	3	154	151	3
Human Resources personnel headcount	8, 10	72	62	5	72	62	5	72	62	5

MP322 Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
Revenue By Source																
Property rates		25,307	23,057	23,338	23,057	23,057	22,776	23,057	23,620	24,182	24,182	24,463	45,785	305,881	337,153	373,338
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		50,860	46,339	46,904	46,339	46,339	45,774	46,339	47,469	48,599	48,599	49,164	93,001	615,726	679,984	759,052
Service charges - water revenue		2,599	2,368	2,397	2,368	2,368	2,339	2,368	2,426	2,483	2,483	2,512	4,860	31,570	34,824	38,506
Service charges - sanitation revenue		1,542	1,405	1,422	1,405	1,405	1,388	1,405	1,439	1,474	1,474	1,491	1,514	17,364	19,169	21,218
Service charges - refuse revenue		5,203	4,741	4,798	4,741	4,741	4,683	4,741	4,856	4,972	4,972	5,030	11,800	65,277	73,057	82,127
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		192	218	197	275	10,997	298	298	527	2,978	481	275	1,787	18,523	20,746	23,235
Interest earned - external investments		3	-	-	1,204	3	-	903	1,075	-	-	575	1,795	5,559	6,226	6,973
Interest earned - outstanding debtors		1,632	1,504	1,430	990	1,339	1,119	2,567	2,292	1,779	1,852	1,302	6,939	24,747	27,716	31,042
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		228	348	180	191	206	273	195	243	131	318	187	1,082	3,582	4,012	4,493
Licences and permits		8	8	6	9	1	2	7	9	4	6	1	(16)	44	50	56
Agency services		-	-	-	-	24,935	-	20,260	7,558	7,325	4,987	10,441	31,148	106,653	119,452	133,786
Transfers recognised - operational		102,594	-	-	3,527	-	80,152	3,847	3,847	70,534	-	-	91,004	355,505	401,723	473,323
Other revenue		6,965	39,139	6,634	23,882	53,070	19,238	7,629	102,824	13,268	13,931	16,916	107,988	411,483	530,366	493,511
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	2,500	2,500	1,400	1,568
Total Revenue (excluding capital transfers and contributions)		197,133	119,126	87,306	107,987	168,460	178,040	113,615	198,186	177,728	103,285	112,358	401,188	1,964,414	2,255,876	2,442,228
Expenditure By Type																
Employee related costs		29,767	33,218	34,512	33,218	34,512	36,238	37,532	40,120	40,120	36,238	40,552	72,266	468,291	523,730	566,630
Remuneration of councillors		1,508	1,508	1,569	1,569	1,549	1,569	2,112	1,649	1,629	1,669	1,629	4,102	22,061	23,186	24,322
Debt impairment		-	-	-	-	-	-	43,325	-	-	-	-	29,182	72,507	68,651	76,454
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	232,113	59,036	291,149	323,798	365,641
Finance charges		84	2,614	422	84	548	10,964	2,867	2,910	2,994	1,265	590	22,996	48,339	46,331	51,079
Bulk purchases		26,917	61,526	49,990	23,841	28,071	3,461	24,610	22,688	28,071	32,685	27,302	88,852	418,014	456,111	497,681
Other materials		1,282	1,611	1,203	1,794	1,827	1,926	1,334	1,301	1,616	2,466	2,005	24,713	43,080	46,568	50,174
Contracted services		2,158	3,471	3,379	4,027	3,488	4,927	7,733	9,891	9,782	12,768	11,689	9,240	82,554	88,478	94,551
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	45,005	45,005	47,972	51,061
Other expenditure		2,577	24,144	27,913	36,748	26,103	37,821	19,233	31,809	23,618	55,245	53,956	10,579	349,746	370,548	391,644
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		64,293	128,092	118,986	101,281	96,098	96,904	138,746	110,368	107,831	142,336	369,837	365,970	1,840,745	1,995,373	2,169,236
Surplus/(Deficit)		132,840	(8,965)	(31,680)	6,706	72,362	81,136	(25,131)	87,818	69,897	(39,051)	(257,479)	35,217	123,669	260,503	272,992
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		132,840	(8,965)	(31,680)	6,706	72,362	81,136	(25,131)	87,818	69,897	(39,051)	(257,479)	35,217	123,669	260,503	272,992
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	132,840	(8,965)	(31,680)	6,706	72,362	81,136	(25,131)	87,818	69,897	(39,051)	(257,479)	35,217	123,669	260,503	272,992

MP322 Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand																
<b>Revenue by Vote</b>																
COUNCIL													-	-	-	-
OFFICE OF COUNCIL					6								0	7	8	8
OFFICE OF THE CHIEF WHIP													-	-	-	-
PLANNING, PERFORMANCE & MONITORING													-	-	-	-
OFFICE OF THE MUNICIPAL MANAGER													-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER													-	-	-	-
FINANCIAL SERVICES		195,431	28,849	139,594	42,809	31,641	176,819	37,225	32,572	139,594	33,502	32,107	180,038	1,070,180	1,230,508	1,333,883
TRANSVERSAL SERVICES													-	-	-	-
CORPORATE SERVICES			251	35	58	65	78	58	95	85	94	102	165	1,087	1,246	1,347
COMMUNITY SERVICES		40,506	5,460	5,812	8,101	5,988	33,462	7,045	6,164	26,417	6,340	6,076	38,833	190,203	218,163	235,834
MUNICIPAL PLANNING & DEVELOPMENT		1,243	168	178	249	184	1,027	216	189	811	195	187	1,192	5,838	6,697	7,239
TECHNICAL SERVICES		143,592	19,354	20,602	28,718	21,227	118,619	24,973	21,851	93,647	22,475	21,539	160,503	697,099	799,254	863,917
0													-	-	-	-
0													-	-	-	-
0													-	-	-	-
Total Revenue by Vote		380,772	54,081	166,221	79,942	59,105	330,005	69,516	60,871	260,553	62,606	60,010	380,731	1,964,414	2,255,876	2,442,228
<b>Expenditure by Vote to be appropriated</b>																
COUNCIL		1,300	1,377	2,515	2,653	2,661	1,684	2,546	2,538	1,845	876	469	995	21,458	23,175	25,029
OFFICE OF COUNCIL		388	487	1,666	1,845	1,855	1,884	1,706	1,696	1,093	1,745	1,606	1,866	17,837	19,263	20,805
OFFICE OF THE CHIEF WHIP													-	-	-	-
PLANNING, PERFORMANCE & MONITORING		685	860	1,176	2,492	1,510	1,562	1,246	2,229	2,931	1,317	3,071	2,621	21,701	23,437	25,312
OFFICE OF THE MUNICIPAL MANAGER		603	757	1,035	1,313	2,329	1,375	1,097	2,081	1,699	2,159	2,942	2,220	19,610	21,179	22,873
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		38	47	65	82	83	86	168	67	106	172	59	1,439	2,412	2,605	2,813
FINANCIAL SERVICES		11,598	16,870	17,081	17,924	18,135	18,768	14,972	14,761	23,196	15,816	12,863	31,296	213,280	232,863	260,399
TRANSVERSAL SERVICES		438	447	465	482	583	586	568	767	506	272	229	311	5,654	6,106	6,594
CORPORATE SERVICES		2,533	3,685	4,731	3,915	5,961	4,099	3,270	4,224	5,066	4,454	4,809	4,510	51,257	55,358	59,786
COMMUNITY SERVICES		21,681	31,536	31,930	33,507	33,901	35,084	27,988	27,594	43,362	39,565	44,046	38,352	408,549	441,233	476,531
MUNICIPAL PLANNING & DEVELOPMENT		2,685	3,860	5,176	6,492	6,510	6,562	6,246	6,229	3,931	3,317	2,071	3,689	56,768	61,310	66,214
TECHNICAL SERVICES		49,024	71,307	72,198	75,764	76,655	79,329	63,285	62,394	98,047	166,850	84,372	122,995	1,022,220	1,108,846	1,202,880
0													-	-	-	-
0													-	-	-	-
0													-	-	-	-
Total Expenditure by Vote		90,970	131,233	138,038	146,469	150,182	151,020	123,093	124,581	181,784	236,544	156,537	210,293	1,840,745	1,995,373	2,169,236
Surplus/(Deficit) before assoc.		289,802	(77,152)	28,183	(66,528)	(91,077)	178,985	(53,577)	(63,710)	78,769	(173,937)	(96,528)	170,438	123,669	260,503	272,992
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	289,802	(77,152)	28,183	(66,528)	(91,077)	178,985	(53,577)	(63,710)	78,769	(173,937)	(96,528)	170,438	123,669	260,503	272,992

MP322 Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description		Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard																	
Governance and administration			195,522	28,938	139,677	42,891	31,724	176,900	37,307	32,656	139,680	33,589	32,196	191,388	1,082,469	1,241,592	1,342,160
Executive and council			-	6	-	-	-	-	-	-	-	-	-	0	7	8	8
Budget and treasury office			195,431	28,849	139,594	42,809	31,641	176,819	37,225	32,572	139,594	33,502	32,107	190,027	1,080,169	1,238,954	1,339,309
Corporate services			91	83	84	83	83	81	83	85	87	87	90	1,360	2,293	2,630	2,843
Community and public safety			2,218	3,226	3,266	3,427	3,468	3,589	2,863	2,823	4,436	3,024	2,460	5,249	40,048	48,947	56,615
Community and social services			938	1,365	1,382	1,450	1,467	1,518	1,211	1,194	1,877	1,279	1,041	3,702	18,424	21,133	22,844
Sport and recreation			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety			584	850	861	903	914	946	754	744	1,169	797	648	(1,196)	7,973	12,157	16,845
Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health			695	1,011	1,024	1,074	1,087	1,125	897	885	1,390	948	771	2,743	13,650	15,657	16,925
Economic and environmental services			6,437	8,336	8,440	8,857	8,961	9,274	7,398	9,311	11,462	7,815	8,474	21,797	116,560	133,376	144,102
Planning and development			183	267	270	283	287	297	237	233	366	250	203	723	3,598	4,127	4,461
Road transport			6,254	8,069	8,170	8,574	8,674	8,977	7,161	9,078	11,095	7,565	8,271	21,074	112,962	129,249	139,641
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			45,553	50,834	52,815	50,834	52,815	55,455	57,436	61,397	59,416	55,455	62,057	121,271	725,337	831,961	899,350
Electricity			39,110	43,644	45,344	43,644	45,344	47,612	49,312	52,713	51,013	47,612	53,280	89,088	607,715	697,049	753,511
Water			2,454	2,738	2,845	2,738	2,845	2,987	3,094	3,307	3,201	2,987	3,343	4,546	37,086	42,538	45,984
Waste water management			-	-	-	-	-	-	-	-	-	-	-	16,984	16,984	19,481	21,059
Waste management			3,989	4,452	4,625	4,452	4,625	4,856	5,030	5,377	5,203	4,856	5,434	10,652	63,551	72,893	78,797
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard			249,729	91,334	204,198	106,009	96,967	245,218	105,004	106,187	214,994	99,883	105,187	339,704	1,964,414	2,255,876	2,442,228
Expenditure - Standard																	
Governance and administration			28,048	37,397	40,514	18,699	21,815	31,476	19,945	18,387	22,750	23,230	25,930	(6,543)	281,649	304,181	328,516
Executive and council			3,597	4,796	5,196	2,398	2,798	4,037	2,558	2,358	2,918	3,397	2,838	30,440	67,330	72,716	78,534
Budget and treasury office			18,052	24,069	26,075	12,034	14,040	20,258	12,837	11,834	14,642	14,642	17,049	(86,481)	99,050	106,974	115,532
Corporate services			6,399	8,533	9,244	4,266	4,977	7,182	4,551	4,195	5,191	5,191	6,044	49,498	115,269	124,491	134,450
Community and public safety			18,433	24,577	26,625	12,289	14,337	20,686	13,108	12,084	14,951	14,951	17,409	38,387	227,835	246,062	265,747
Community and social services			5,964	7,951	8,614	3,976	4,638	6,692	4,241	3,909	4,837	4,837	5,632	(28,176)	33,116	35,765	38,626
Sport and recreation			6,005	8,006	8,673	4,003	4,670	6,738	4,270	3,936	4,870	4,870	5,671	58,777	120,490	130,129	140,540
Public safety			4,589	6,119	6,628	3,059	3,569	5,150	3,263	3,008	3,722	3,722	4,334	22,923	70,087	75,694	81,749
Housing			779	1,039	1,125	519	606	874	554	511	632	632	736	(3,866)	4,143	4,474	4,832
Health			1,097	1,462	1,584	731	853	1,231	780	719	890	890	1,036	(11,271)	-	-	-
Economic and environmental services			36,087	48,116	52,126	24,058	28,068	40,498	25,662	23,657	29,271	29,271	34,082	123,122	494,019	540,909	598,415
Planning and development			1,608	2,143	2,322	1,072	1,250	1,804	1,143	1,054	1,304	1,304	1,518	9,591	26,114	28,203	30,459
Road transport			34,140	45,521	49,314	22,760	26,554	38,313	24,278	22,381	27,692	27,692	32,244	115,961	466,850	511,566	566,725
Environmental protection			339	452	490	226	264	381	241	222	275	275	320	(2,431)	1,056	1,140	1,231
Trading services			45,584	30,112	35,622	31,056	37,565	30,844	38,060	34,305	37,418	38,418	45,829	430,390	835,205	902,022	974,183
Electricity			41,508	25,344	29,956	27,672	32,284	26,581	29,517	27,211	33,667	33,667	39,202	136,192	482,799	521,423	563,137
Water			574	1,432	1,718	716	1,002	1,989	1,231	588	1,388	1,388	931	127,488	140,446	151,681	163,816
Waste water management			538	1,384	1,000	692	1,307	1,215	938	631	1,092	1,092	1,230	87,808	98,928	106,842	115,390
Waste management			2,964	1,952	2,948	1,976	2,972	1,060	6,374	5,876	1,271	2,271	4,466	78,902	113,033	122,075	131,841
Other			147	196	212	98	114	165	104	96	119	119	139	528	2,036	2,199	2,375
Total Expenditure - Standard			128,299	140,399	155,099	86,199	101,899	123,669	96,879	88,529	104,509	105,989	123,390	585,885	1,840,745	1,995,373	2,169,236
Surplus/(Deficit) before assoc.			121,430	(49,065)	49,099	19,810	(4,932)	121,549	8,125	17,658	110,485	(6,106)	(18,202)	(246,180)	123,669	260,503	272,992
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		1	121,430	(49,065)	49,099	19,810	(4,932)	121,549	8,125	17,658	110,485	(6,106)	(18,202)	(246,180)	123,669	260,503	272,992

MP322 Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<i>Multi-year expenditure to be appropriated</i>	1															
COUNCIL													-	-	-	-
OFFICE OF COUNCIL													-	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		-	250	750	950	1,650	850	950	500	650	1,200	850	600	9,200	13,100	13,000
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	250	-	-	250	-	-	-	-	-	500	300	400
FINANCIAL SERVICES		-	-	350	1,200	1,500	650	2,500	1,200	1,350	700	-	-	9,450	7,650	7,200
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		-	1,250	1,400	1,600	850	450	1,200	1,500	1,200	1,600	850	790	12,690	13,470	8,030
COMMUNITY SERVICES		-	2,500	1,542	2,845	2,300	1,200	3,500	4,500	4,600	3,500	5,800	4,152	36,439	59,522	82,787
MUNICIPAL PLANNING & DEVELOPMENT		-	950	2,500	2,890	2,600	1,250	2,300	3,500	2,400	2,500	1,800	2,200	24,890	34,431	67,360
TECHNICAL SERVICES		-	5,200	6,750	12,500	23,500	12,850	26,500	37,520	38,450	41,251	37,542	23,863	265,926	415,184	365,501
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	10,150	13,292	22,235	32,400	17,250	37,200	48,720	48,650	50,751	46,842	31,605	359,095	543,657	544,279
<i>Single-year expenditure to be appropriated</i>																
COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OFFICE OF COUNCIL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OFFICE OF THE CHIEF WHIP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PLANNING, PERFORMANCE & MONITORING		-	-	250	1,250	-	-	-	-	-	-	-	-	1,500	-	-
OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINANCIAL SERVICES		-	-	350	450	650	-	453	390	350	-	-	358	3,000	-	-
TRANSVERSAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CORPORATE SERVICES		-	300	-	500	254	-	350	450	-	350	-	296	2,500	1,800	2,700
COMMUNITY SERVICES		-	1,500	-	250	1,200	650	1,800	2,500	1,900	750	500	450	11,500	15,000	31,000
MUNICIPAL PLANNING & DEVELOPMENT		-	-	250	350	540	-	650	350	700	500	350	310	4,000	-	-
TECHNICAL SERVICES		-	2,500	13,500	14,500	15,500	12,578	11,400	25,000	35,000	35,000	25,000	25,713	215,691	85,272	161,740
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	4,300	14,350	17,300	18,144	13,228	14,653	28,690	37,950	36,600	25,850	27,127	238,191	102,072	195,440
Total Capital Expenditure	2	-	14,450	27,642	39,535	50,544	30,478	51,853	77,410	86,600	87,351	72,692	58,732	597,286	645,729	739,719

MP322 Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Capital Expenditure - Standard</b>	<b>1</b>															
<i>Governance and administration</i>		-	679	1,090	1,440	2,228	894	2,738	1,681	1,483	2,211	1,466	6,230	22,140	21,120	15,230
Executive and council													-	-	-	-
Budget and treasury office			254	235	453	875	325	353	325	246	825	1,058	4,500	9,450	7,650	7,200
Corporate services			425	855	988	1,352	568	2,385	1,356	1,237	1,385	408	1,730	12,690	13,470	8,030
<i>Community and public safety</i>		-	1,839	3,899	6,706	6,570	2,624	7,023	5,144	4,940	3,593	2,488	(6,987)	37,839	40,086	42,078
Community and social services			1,352	1,585	3,585	3,865	1,255	3,568	2,543	1,352	1,425	1,488	(9,005)	13,015	14,021	16,013
Sport and recreation			-	1,459	2,352	1,352	524	869	1,366	1,235	842	-	6,283	16,283	17,097	17,097
Public safety			487	855	769	1,352	845	2,585	1,235	2,352	1,325	1,000	(4,265)	8,541	8,968	8,968
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	4,852	7,829	13,958	10,911	11,354	17,000	17,810	25,817	16,598	13,568	159,122	298,820	358,049	316,423
Planning and development			-	1,245	1,600	2,459	854	1,200	1,325	1,235	1,353	1,028	139	12,439	12,439	12,439
Road transport			4,852	6,584	12,358	8,452	10,500	15,800	16,485	24,582	15,245	12,540	158,983	286,381	345,610	303,984
Environmental protection													-	-	-	-
<i>Trading services</i>		-	9,857	18,895	24,648	22,795	9,342	30,276	32,067	29,535	23,606	22,154	15,312	238,487	226,474	365,988
Electricity			2,352	3,500	4,500	6,500	2,500	5,625	6,585	6,900	7,500	5,400	(10,915)	40,447	23,354	53,417
Water			5,400	12,000	15,245	10,251	5,362	16,500	17,469	15,800	12,500	14,254	22,458	147,240	171,223	244,125
Waste water management			1,254	1,895	2,355	3,685	895	5,785	6,758	4,250	2,352	2,500	3,307	35,039	6,000	18,150
Waste management			850	1,500	2,549	2,358	584	2,365	1,254	2,585	1,254	-	461	15,761	25,897	50,297
<i>Other</i>													-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>2</b>	-	17,227	31,714	46,753	42,504	24,215	57,036	56,703	61,775	46,008	39,676	173,676	597,286	645,729	739,719

MP322 Mbombela - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash Receipts By Source</b>													1		
Property rates	25,307	23,057	23,338	23,057	23,057	12,776	20,057	23,620	24,182	24,182	24,463	37,373	284,469	313,552	350,937
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	50,860	46,339	46,904	46,339	46,339	35,774	46,339	47,469	48,599	48,599	49,164	59,901	572,625	632,385	713,509
Service charges - water revenue	2,599	2,368	2,397	2,368	2,368	1,339	2,368	2,426	2,483	2,483	2,512	3,650	29,360	32,386	36,196
Service charges - sanitation revenue	1,542	1,405	1,422	1,405	1,405	888	1,405	1,439	1,474	1,474	1,491	799	16,149	17,827	19,945
Service charges - refuse revenue	5,203	4,741	4,798	4,741	4,741	2,683	4,741	4,856	4,972	4,972	5,030	9,230	60,707	67,943	77,199
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	192	218	197	275	10,997	298	298	527	2,978	481	275	490	17,226	19,294	21,841
Interest earned - external investments	3	-	-	1,204	3	-	903	1,075	-	-	1,075	906	5,170	5,790	6,555
Interest earned - outstanding debtors	1,632	1,504	1,430	990	1,339	1,119	2,567	2,292	1,779	1,852	1,302	5,207	23,014	25,776	29,180
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	228	348	180	191	206	273	195	243	131	318	187	831	3,331	3,731	4,223
Licences and permits	8	8	6	9	1	2	7	9	74	6	1	(89)	41	46	52
Agency services	-	-	-	-	24,935	-	20,260	7,558	7,325	4,987	10,441	23,682	99,188	111,090	125,759
Transfer receipts - operational	102,594	-	-	3,527	-	80,152	3,847	3,847	70,534	-	-	91,004	355,505	401,723	473,323
Other revenue	965	139	634	882	170	238	629	824	268	931	916	27,890	34,485	51,465	42,830
<b>Cash Receipts by Source</b>	<b>191,133</b>	<b>80,126</b>	<b>81,306</b>	<b>84,987</b>	<b>115,560</b>	<b>135,540</b>	<b>103,615</b>	<b>96,186</b>	<b>164,798</b>	<b>90,285</b>	<b>96,858</b>	<b>260,874</b>	<b>1,501,270</b>	<b>1,683,007</b>	<b>1,901,549</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	-	-	-	-	-	-	-	-	-	-	-	390,636	390,636	505,617	465,792
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(208)	(2,500)	(1,400)	(1,568)
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000	-	80,000
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	69,369	48,558	43,702
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>196,706</b>	<b>85,699</b>	<b>86,879</b>	<b>90,560</b>	<b>121,133</b>	<b>141,113</b>	<b>109,188</b>	<b>101,758</b>	<b>170,370</b>	<b>95,857</b>	<b>102,431</b>	<b>747,083</b>	<b>2,048,776</b>	<b>2,235,783</b>	<b>2,489,476</b>
<b>Cash Payments by Type</b>															
Employee related costs	29,767	33,218	34,512	33,218	34,512	36,238	37,532	40,120	40,120	36,238	40,552	72,266	468,291	523,730	566,630
Remuneration of councillors	1,508	1,508	1,569	1,569	1,549	1,569	2,112	1,649	1,629	1,669	1,629	4,102	22,061	23,186	24,322
Finance charges	84	2,614	422	84	548	10,964	2,867	2,910	2,994	1,265	590	8,855	34,198	32,190	36,937
Bulk purchases - Electricity	26,917	61,526	49,990	23,841	28,071	3,461	24,610	22,688	28,071	32,685	27,302	88,852	418,014	456,111	497,681
Bulk purchases - Water & Sewer	281	281	281	281	281	281	281	281	281	281	281	(3,094)	-	-	-
Other materials	1,282	1,611	2,203	2,794	2,827	2,926	2,334	2,301	3,616	2,466	2,005	16,713	43,080	46,568	50,174
Contracted services	2,158	3,471	5,379	4,027	3,488	4,927	7,733	9,891	9,782	12,768	11,689	7,240	82,554	88,478	94,551
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	45,005	45,005	47,972	51,061
Other expenditure	2,577	4,144	27,913	16,748	16,103	17,821	9,233	11,809	23,618	15,245	13,956	92,767	251,934	265,717	279,617
<b>Cash Payments by Type</b>	<b>64,575</b>	<b>108,373</b>	<b>122,267</b>	<b>82,563</b>	<b>87,380</b>	<b>78,186</b>	<b>86,702</b>	<b>91,649</b>	<b>110,112</b>	<b>102,617</b>	<b>98,005</b>	<b>332,706</b>	<b>1,365,136</b>	<b>1,483,952</b>	<b>1,600,973</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	-	17,227	33,768	49,605	46,004	25,065	61,779	49,503	34,375	37,508	41,076	174,363	570,273	645,472	739,719
Repayment of borrowing	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,385	2,021	17,260	19,358	26,869
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>65,960</b>	<b>126,986</b>	<b>157,421</b>	<b>133,553</b>	<b>134,769</b>	<b>104,636</b>	<b>149,867</b>	<b>142,537</b>	<b>145,872</b>	<b>141,510</b>	<b>140,466</b>	<b>509,091</b>	<b>1,952,668</b>	<b>2,148,782</b>	<b>2,367,561</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>130,746</b>	<b>(41,287)</b>	<b>(70,542)</b>	<b>(42,993)</b>	<b>(13,637)</b>	<b>36,477</b>	<b>(40,679)</b>	<b>(40,779)</b>	<b>24,498</b>	<b>(45,653)</b>	<b>(38,035)</b>	<b>237,992</b>	<b>96,107</b>	<b>87,000</b>	<b>121,915</b>
Cash/cash equivalents at the month/year begin:	110,156	240,902	199,615	129,073	86,080	72,443	108,920	68,241	27,462	51,960	6,307	(31,729)	110,156	206,263	293,264
Cash/cash equivalents at the month/year end:	240,902	199,615	129,073	86,080	72,443	108,920	68,241	27,462	51,960	6,307	(31,729)	206,263	206,263	293,264	415,179



MP322 Mbombela - Supporting Table SA32 List of external mechanisms

External mechanism  Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
Tedcor (pty) LTD Semcorp Silulumanzi Bushbuckridge Water Board	Yrs	5	Collection of waste provision of portable water in concession area provision of portable water in Nsikanzi Area	2012 May 01	44,800
	Yrs			2029 September 30	PPP
	Yrs			2015 December 30	144,000
	Yrs			00 January 1900	–
0				0	

MP322 Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			221,812	181,812	80,822	276,314	276,314	276,314	255,117	329,224	412,290
Infrastructure - Road transport			89,223	59,223	19,223	115,409	115,409	115,409	86,167	151,826	226,022
Roads, Pavements & Bridges			89,223	59,223	19,223	115,409	115,409	115,409	86,167	151,826	226,022
Storm water									-	-	-
Infrastructure - Electricity			25,741	15,741	25,741	39,060	39,060	39,060	41,013	43,064	45,217
Generation									-	-	-
Transmission & Reticulation			25,741	15,741	25,741	38,560	38,560	38,560	40,488	42,512	44,638
Street Lighting						500	500	500	525	551	579
Infrastructure - Water			28,902	28,902	18,902	58,750	58,750	58,750	61,688	64,772	68,010
Dams & Reservoirs									-	-	-
Water purification									-	-	-
Reticulation			28,902	28,902	18,902	58,750	58,750	58,750	61,688	64,772	68,010
Infrastructure - Sanitation			16,956	16,956	16,956	25,755	25,755	25,755	27,043	28,395	29,815
Reticulation			16,956	16,956	16,956	25,755	25,755	25,755	27,043	28,395	29,815
Sewerage purification											
Infrastructure - Other			60,990	60,990	-	37,340	37,340	37,340	39,207	41,167	43,226
Waste Management			4,917	4,917		7,600	7,600	7,600	7,980	8,379	8,798
Transportation	2		-	-					-	-	-
Gas			-	-					-	-	-
Other	3		56,073	56,073		29,740	29,740	29,740	31,227	32,788	34,428
Community			326,892	40,760	30,760	12,377	12,377	12,377	13,496	13,666	14,358
Parks & gardens			441	441	441				-	-	-
Sportsfields & stadia			305,655	19,523	9,523				-	-	-
Swimming pools			-						-	-	-
Community halls						3,000	3,000	3,000	3,150	3,308	3,473
Libraries									-	-	-
Recreational facilities						270	270	270	284	298	313
Fire, safety & emergency			2,355	2,355	2,355	8,260	8,260	8,260	8,673	9,107	9,562
Security and policing						397	397	397	417	438	460
Buses	7								-	-	-
Clinics									-	-	-
Museums & Art Galleries			62	62	62				-	-	-
Cemeteries						450	450	450	473	496	521
Social rental housing	8								-	-	-
Other			18,380	18,380	18,380				500	20	30
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings	9										
Other											
Investment properties			-	-	-	-	-	-	-	-	-
Housing development											
Other											
Other assets			50,807	10,807	39,497	-	-	-	-	-	-
General vehicles			8,472	8,472	8,472						
Specialised vehicles	10		-	-	-	-	-	-	-	-	-
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment			329	329	329						
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)			42,006	2,006	30,696						
Other											
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles			-	-	-	-	-	-	-	-	-
Computers - softw are & programming											
Other (list sub-class)											
Total Capital Expenditure on new assets	1		599,512	233,380	151,079	288,691	288,691	288,691	268,613	342,889	426,648
Specialised vehicles			-	-	-	-	-	-	-	-	-
Refuse											
Fire											
Conservancy											
Ambulances											

MP322 Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description		Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
Capital expenditure on renewal of existing assets by Asset Class/Sub-class												
Infrastructure			244,639	58,636	34,639	243,647	191,845	191,845	290,285	265,950	274,337	
Infrastructure - Road transport			60,700	20,700	10,700	60,700	63,293	63,293	137,648	141,920	144,105	
Roads, Pavements & Bridges			57,700	17,700	7,700	57,700	63,293	63,293	66,457	69,780	73,269	
Storm water			3,000	3,000	3,000	3,000	-	-	71,191	72,140	70,836	
Infrastructure - Electricity			14,300	14,300	4,300	14,300	20,100	20,100	40,900	6,707	7,043	
Generation			-	-	-	-	-	-	34,513	-	-	
Transmission & Reticulation			14,300	14,300	4,300	14,300	20,100	20,100	2,111	2,216	2,327	
Street Lighting			-	-	-	-	-	-	4,277	4,491	4,716	
Infrastructure - Water			72,514	6,511	2,514	71,522	100,802	100,802	103,704	108,889	114,333	
Dams & Reservoirs			-	-	-	-	-	-	-	-	-	
Water purification			-	-	-	-	-	-	-	-	-	
Reticulation			72,514	6,511	2,514	71,522	100,802	100,802	103,704	108,889	114,333	
Infrastructure - Sanitation			7,600	7,600	7,600	7,600	5,400	5,400	5,670	5,954	6,251	
Reticulation			7,600	7,600	7,600	7,600	5,400	5,400	5,670	5,954	6,251	
Sewerage purification			-	-	-	-	-	-	-	-	-	
Infrastructure - Other			89,525	9,525	9,525	89,525	2,250	2,250	2,363	2,481	2,605	
Waste Management			7,700	7,700	7,700	7,700	750	750	788	827	868	
Transportation		2	-	-	-	-	-	-	-	-	-	
Gas			-	-	-	-	-	-	-	-	-	
Other		3	81,825	1,825	1,825	81,825	1,500	1,500	1,575	1,654	1,736	
Community			9,230	9,230	9,230	9,230	11,080	11,080	11,634	12,216	12,826	
Parks & gardens			-	-	-	-	-	-	-	-	-	
Sportsfields & stadia			2,100	2,100	2,100	2,100	8,300	8,300	8,715	9,151	9,608	
Swimming pools			-	-	-	-	-	-	-	-	-	
Community halls			1,500	1,500	1,500	1,500	700	700	735	772	810	
Libraries			500	500	500	500	-	-	-	-	-	
Recreational facilities			300	300	300	300	-	-	-	-	-	
Fire, safety & emergency			4,500	4,500	4,500	4,500	-	-	-	-	-	
Security and policing			250	250	250	250	1,180	1,180	1,239	1,301	1,366	
Buses		7	-	-	-	-	-	-	-	-	-	
Clinics			-	-	-	-	-	-	-	-	-	
Museums & Art Galleries			-	-	-	-	-	-	-	-	-	
Cemeteries			-	-	-	-	-	-	-	-	-	
Social rental housing		8	-	-	-	-	-	-	-	-	-	
Other			80	80	80	80	900	900	945	992	1,042	
Heritage assets			-	-	-	-	-	-	-	-	-	
Buildings		9	-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
Investment properties			-	-	-	-	-	-	-	-	-	
Housing development			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
Other assets			-	-	-	-	28,380	28,380	23,499	24,674	25,908	
General vehicles		10	-	-	-	-	10,950	10,950	11,498	12,072	12,676	
Specialised vehicles			-	-	-	-	6,000	6,000	-	-	-	
Plant & equipment			-	-	-	-	1,280	1,280	1,344	1,411	1,482	
Computers - hardware/equipment			-	-	-	-	-	-	-	-	-	
Furniture and other office equipment			-	-	-	-	1,800	1,800	1,890	1,985	2,084	
Abattoirs			-	-	-	-	-	-	-	-	-	
Markets			-	-	-	-	900	900	945	992	1,042	
Civic Land and Buildings			-	-	-	-	2,000	2,000	2,100	2,205	2,315	
Other Buildings			-	-	-	-	2,200	2,200	2,310	2,426	2,547	
Other Land			-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	3,250	3,250	3,413	3,583	3,762	
Agricultural assets			-	-	-	-	-	-	-	-	-	
List sub-class			-	-	-	-	-	-	-	-	-	
Biological assets			-	-	-	-	-	-	-	-	-	
List sub-class			-	-	-	-	-	-	-	-	-	
Intangibles			-	-	-	-	3,100	3,100	3,255	-	-	
Computers - software & programming			-	-	-	-	3,100	3,100	3,255	-	-	
Other (list sub-class)			-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on renewal of existing			1	253,869	67,866	43,869	252,877	234,405	234,405	328,673	302,840	313,071
Specialised vehicles				-	-	-	-	6,000	6,000	-	-	-
Refuse				-	-	-	-	6,000	6,000	-	-	-
Fire				-	-	-	-	-	-	-	-	-
Conservancy				-	-	-	-	-	-	-	-	-
Ambulances				-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex				29.7%	22.5%	22.5%	46.7%	44.8%	44.8%	55.0%	46.9%	42.3%
Renewal of Existing Assets as % of deprecn"				128.9%	23.9%	15.0%	87.7%	82.6%	82.6%	112.9%	93.5%	85.6%

MP322 Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	
R thousand	1										
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	107,397	107,888	108,404	117,981	117,981	117,981	76,968	82,667	88,523	
Infrastructure - Road transport		48,307	48,307	48,307	36,842	36,842	36,842	47,187	50,655	54,216	
Roads, Pavements & Bridges		34,949	34,949	34,949	27,330	27,330	27,330	35,438	37,996	40,619	
Storm water		13,358	13,358	13,358	9,513	9,513	9,513	11,748	12,659	13,597	
Infrastructure - Electricity		25,046	25,046	25,046	29,027	29,027	29,027	23,582	25,348	27,165	
Generation		13,594	13,594	13,594	21,524	21,524	21,524	23,582	25,348	27,165	
Transmission & Reticulation		-	-	-	-	-	-	-	-	-	
Street Lighting		11,452	11,452	11,452	7,503	7,503	7,503	-	-	-	
Infrastructure - Water		13,452	13,452	13,452	22,165	22,165	22,165	2,131	2,294	2,462	
Dams & Reservoirs		-	-	-	-	-	-	-	-	-	
Water purification		13,452	13,452	13,452	22,165	22,165	22,165	2,131	2,294	2,462	
Reticulation		-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		10,767	10,767	10,767	14,528	14,528	14,528	2,131	2,294	2,462	
Reticulation		-	-	-	-	-	-	-	-	-	
Sewerage purification		10,767	10,767	10,767	14,528	14,528	14,528	2,131	2,294	2,462	
Infrastructure - Other		9,824	10,315	10,831	15,417	15,417	15,417	1,937	2,076	2,219	
Waste Management		8,400	8,820	9,261	12,542	12,542	12,542	1,937	2,076	2,219	
Transportation		-	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		1,424	1,495	1,570	2,875	2,875	2,875	-	-	-	
Community		3	14,307	15,022	15,773	28,076	28,076	28,076	10,955	11,757	12,581
Parks & gardens		7	288	302	317	525	525	525	6,618	7,093	7,580
Sportsfields & stadia			5,829	6,120	6,426	4,822	4,822	4,822	892	956	1,021
Swimming pools			352	370	389	525	525	525	-	-	-
Community halls			85	90	94	92	92	92	-	-	-
Libraries			658	691	726	985	985	985	-	-	-
Recreational facilities			155	163	171	215	215	215	-	-	-
Fire, safety & emergency			390	409	429	895	895	895	-	-	-
Security and policing			2,352	2,470	2,594	12,352	12,352	12,352	1,720	1,859	2,003
Buses			-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries		8	-	-	-	-	-	-	-	-	-
Cemeteries			2,352	2,470	2,593	3,852	3,852	3,852	-	-	-
Social rental housing	-		-	-	-	-	-	-	-	-	
Other	1,845	1,937	2,034	3,812	3,812	3,812	1,725	1,849	1,976		
Heritage assets	9	-	-	-	-	-	-	-	-	-	
Buildings		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Other assets	10	9,387	9,387	9,387	7,588	7,588	7,588	35,182	37,885	40,671	
General vehicles		-	-	-	-	-	-	28,983	31,241	33,571	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		4,273	4,273	4,273	2,752	2,752	2,752	1,058	1,134	1,211	
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-	
Furniture and other office equipment		735	735	735	206	206	206	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Civic Land and Buildings		4,379	4,379	4,379	4,630	4,630	4,630	5,141	5,510	5,889	
Other Buildings		-	-	-	-	-	-	-	-	-	
Other Land		-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	
Agricultural assets		-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	
Computers - software & programming		-	-	-	-	-	-	-	-	-	
Other (List sub-class)		-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	131,091	132,297	133,564	153,645	153,645	153,645	123,105	132,310	141,775	
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Refuse		-	-	-	-	-	-	-	-	-	
Fire		-	-	-	-	-	-	-	-	-	
Conservancy		-	-	-	-	-	-	-	-	-	
Ambulances		-	-	-	-	-	-	-	-	-	
R&M as a % of PPE		2.5%	2.5%	2.6%	2.7%	2.9%	2.9%	2.3%	2.4%	2.4%	
R&M as % Operating Expenditure		10.1%	9.1%	8.0%	9.0%	8.9%	8.9%	6.7%	6.6%	6.5%	

MP322 Mbombela - Supporting Table SA34d Depreciation by asset class

M 322 Infrastructure - Supporting Table 322-4 Depreciation by Asset class										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		193,151	279,696	288,155	252,349	247,849	247,849	5,078,197	5,332,107	5,598,712
Infrastructure - Road transport		142,351	142,351	149,469	167,626	163,126	163,126	171,282	179,846	188,838
Roads, Pavements & Bridges		142,351	142,351	149,469	167,626	163,126	163,126	171,282	179,846	188,838
Storm water										
Infrastructure - Electricity		19,855	19,855	20,847	22,928	22,928	22,928	2,407,405	2,527,776	2,654,165
Generation						-	-	-	-	-
Transmission & Reticulation		19,855	19,855	20,847	22,928	22,928	22,928	2,407,405	2,527,776	2,654,165
Street Lighting						-	-	-	-	-
Infrastructure - Water		16,525	16,525	17,351	36,958	36,958	36,958	38,806	40,746	42,783
Dams & Reservoirs						-	-	-	-	-
Water purification						-	-	-	-	-
Reticulation		16,525	16,525	17,351	36,958	36,958	36,958	38,806	40,746	42,783
Infrastructure - Sanitation		13,525	100,070	99,548	23,421	23,421	23,421	2,459,216	2,582,177	2,711,286
Reticulation		13,525	13,525	14,201	23,421	23,421	23,421	2,459,216	2,582,177	2,711,286
Sewerage purification			86,545	85,347		-	-			
Infrastructure - Other		895	895	940	1,417	1,417	1,417	1,488	1,563	1,641
Waste Management		895	895	940	1,417	1,417	1,417	1,488	1,563	1,641
Transportation	2			-		-	-			
Gas						-	-			
Other	3					-	-			
<b>Community</b>		3,741	3,741	3,928	35,990	35,990	35,990	37,789	39,679	41,663
Parks & gardens						-	-	-	-	-
Sportsfields & stadia		3,741	3,741	3,928	25,581	25,581	25,581	26,860	28,203	29,613
Swimming pools						-	-	-	-	-
Community halls						-	-	-	-	-
Libraries						-	-	-	-	-
Recreational facilities						-	-	-	-	-
Fire, safety & emergency					5,925	5,925	5,925	6,221	6,532	6,859
Security and policing						-	-	-	-	-
Buses	7					-	-	-	-	-
Clinics						-	-	-	-	-
Museums & Art Galleries						-	-	-	-	-
Cemeteries						-	-	-	-	-
Social rental housing	8					-	-	-	-	-
Other					4,484	4,484	4,484	4,708	4,943	5,190
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Depreciation</b>	1	196,892	283,437	292,083	288,339	283,839	283,839	5,115,987	5,371,786	5,640,375
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

## MP322 Mbombela - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
<b>Capital expenditure</b>	<b>1</b>							
COUNCIL		-	-	-				
OFFICE OF COUNCIL		-	-	-				
OFFICE OF THE CHIEF WHIP		-	-	-				
PLANNING, PERFORMANCE & MONITORING		10,700	13,100	13,000				
OFFICE OF THE MUNICIPAL MANAGER		-	-	-				
OFFICE OF THE DEPUTY MUNICIPAL MANAGER		500	300	400				
FINANCIAL SERVICES		12,450	7,650	7,200				
TRANSVERSAL SERVICES		-	-	-				
CORPORATE SERVICES		15,190	15,270	10,730				
COMMUNITY SERVICES		47,939	74,522	113,787				
MUNICIPAL PLANNING & DEVELOPMENT		28,890	34,431	67,360				
TECHNICAL SERVICES		481,616	500,456	527,242				
0		-	-	-				
0		-	-	-				
0		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>597,286</b>	<b>645,729</b>	<b>739,719</b>	-	-	-	-
<b>Future operational costs by vote</b>	<b>2</b>							
COUNCIL								
OFFICE OF COUNCIL								
OFFICE OF THE CHIEF WHIP								
PLANNING, PERFORMANCE & MONITORING								
OFFICE OF THE MUNICIPAL MANAGER								
OFFICE OF THE DEPUTY MUNICIPAL MANAGER								
FINANCIAL SERVICES								
TRANSVERSAL SERVICES								
CORPORATE SERVICES								
COMMUNITY SERVICES								
MUNICIPAL PLANNING & DEVELOPMENT								
TECHNICAL SERVICES								
0								
0								
0								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	<b>3</b>							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>597,286</b>	<b>645,729</b>	<b>739,719</b>	-	-	-	-

## **2.7 LEGISLATION COMPLIANCE STATUS**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **2.7.1 In-year reporting**

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

### **2.7.2 Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed from August 2010 and the remaining one is still part of the programme and 4 new interns has been appointed.. Since the introduction of the Internship programme the Municipality has successfully trained 337 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as KPMG, Vodacom, SARS, Auditor General, and Provincial Treasury.

### **2.7.3 Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the section 80 of the MFMA.

### **2.7.4 Audit Committee**

An Audit Committee has been established and is fully functional.

### **2.7.5 Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 IDP and budget.

### **2.7.6 Annual Report**

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

### **2.7.7 Municipal Finance Management Act Training**

The MFMA training module in electronic format is presented at the City's internal centre and training is ongoing.

### **2.7.8 Policies**

All budget-related policies mentioned earlier will be tabled together with the approved budget before council on 31 May 2013.

## **MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

Mbombela Local MunicipalityDraft 2013/2104 Annual Budget and MTREF**MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I, ..... Municipal Manager of Mbombela Local Municipality, hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

XC Ntobe

Municipal manager of Mbombela Local Municipality (MP322)

Signature



Date

11/04/2013